Platinum International Technology Fund

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Portfolio Manager

Overview

- The Fund returned 24% over the quarter as the Iran ceasefire boosted overall market returns. Our semiconductor holdings performed well with companies like **KLA** and **Lam Research** doubling in price. Our defence holdings underperformed this quarter but we view them as a long-term growth opportunity rather than a short-term capex play.
- There was a lot of market attention around the SpaceX IPO. We regard space as a growth opportunity with communications and defence driving that growth and we made a number of investments this quarter in this area. We currently do not own SpaceX directly as we are cautious about SpaceX's exposure to xAI which competes in a highly contested AI and datacentre segment.

Performance

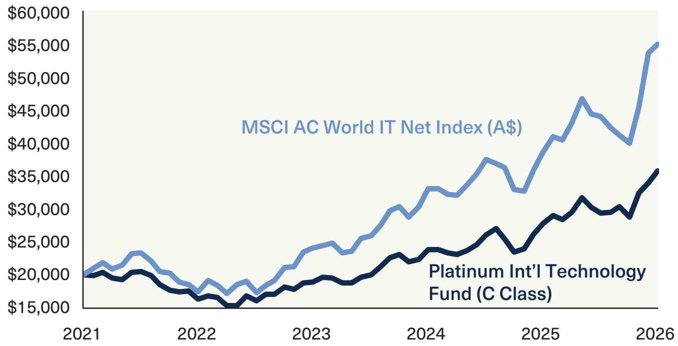
compound p.a.+, to 30 June 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech	24%	29%	24%	12%	11%
MSCI AC World IT Index^	38%	42%	32%	22%	8%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World IT Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 5. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 June 2021 to 30 June 2026



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems.
See notes 1 & 2, page 5.

The Fund delivered 24% in the quarter as equities rebounded from Iran conflict concerns. AI stocks performed well through May and June.

Our semiconductor capital equipment holdings did well as the market priced in further capacity expansions at leading edge foundries and memory semi companies. **KLA** and **Lam Research** doubled. **ASML** and **ASMI** rose more than 40%. Our industrial automation holdings also performed well after reporting strong Q1 results. **Keyence** and **FANUC** were both up more than 30%. **AMD** performed strongly (+190%) thanks to growth in CPUs from inferencing demand.

Defence detracted following the Iran ceasefire and rising expectation for a Ukrainian peace. **Rheinmetall** fell ~30% on execution issues, **Saab** fell ~18% and **Dassault Aviation**, **Exosense** and **Motorola Solutions** were down 5-10%.

Key changes

We made two additions in the NAND supply chain as we think supply will be tighter ahead of several roadmap transitions. In anticipation of aggressive capex expansions, we bought a 2.5% position in **Kokusai Electric**, a key player in advanced memory manufacturing. We also bought a 2% position in NAND supplier **Kioxia**. We think profitability will improve as demand/supply continue to tighten.

We bought a 3% position in **ASTA Energy**, a leading supplier of continuously transposed conductors (CTCs) used in high voltage transformers. Transformer demand could grow 15-20% p.a. over the next five years thanks to datacentre demand, European renewable energy projects and greenfield projects in emerging markets. ASTA's customers are entering long term supply agreements at higher margins to secure CTC supply. We think ASTA is "off the radar" as it's a recent small cap IPO and is not followed by bulge bracket sell side firms.

We bought a 2% position in **AT&S**, a supplier of substrates used in high performance computing. We think the substrate market will be undersupplied next year. Volume demand is growing quickly and industry capacity is failing to ramp quickly enough. Crucially, AT&S can bring capacity online more quickly than competitors.

We trimmed **Broadcom**, **Siemens Energy**, **GE Vernova**, **Vertiv** and **Aixtron**. We sold out of Microsoft and exited Rheinmetall on risk management considerations.

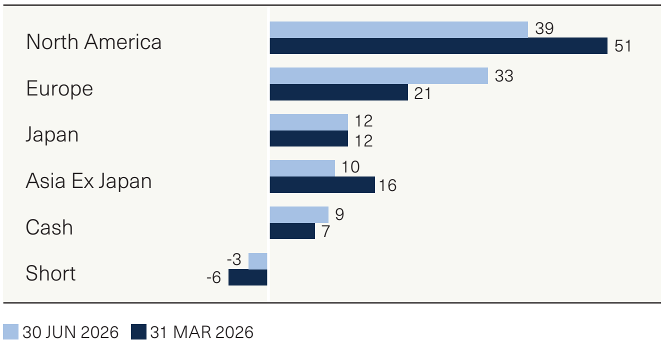
Space, a constellation of new ideas

When we invest in companies with high growth potential, we look for unique or differentiated capabilities that are hard to replicate. Companies with these capabilities can grow in line or faster than their markets and sustain high margins and high return on invested capital (ROIC). Some examples in the portfolio are proprietary technology (ASML), process expertise (ASTA Energy) and government protected monopolies (Saab).

We see space as a new growth industry driven by use cases in defence and telecommunications. Launch services providers could be mission critical to its development. Customers need to send payloads from Earth to orbit to access new markets and the company who provides that route most reliably and at the lowest cost will be preferred. Furthermore, lower costs also attract more types of customers and increase demand for launch services, as the provider can profitably launch new payloads that are uneconomical to do so elsewhere at higher costs.

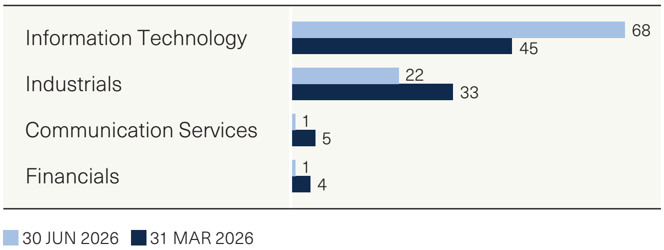
From this perspective, it's likely that SpaceX's position as the dominant launch service provider will be unchallenged given its unique capabilities. SpaceX is the most reliable commercial provider with a mission success rate in excess of 99%. This was developed through its history of more than 650 launches (versus less than 100 for the closest commercial peer), each generating data and experience which feeds back into design,

Disposition of Assets %



See note 3, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



See note 4, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

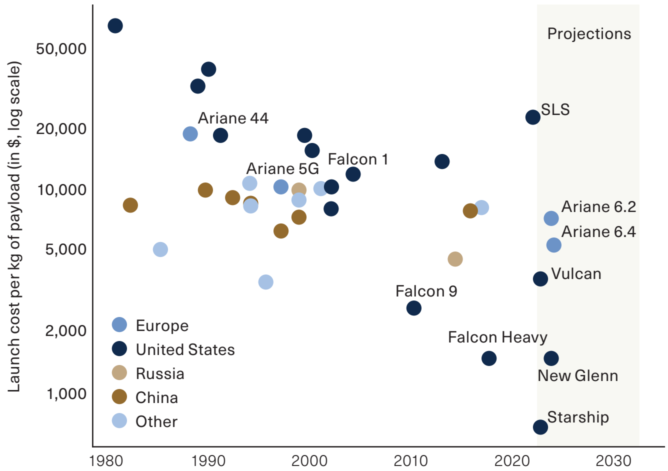
Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	7.8%
NVIDIA Corp	US	Info Technology	6.0%
KLA Corporation	US	Info Technology	4.7%
Advanced Micro Devices	US	Info Technology	4.5%
Broadcom Inc	US	Info Technology	4.2%
Siemens Energy AG	Germany	Industrials	4.1%
ASML Holding NV	Netherlands	Info Technology	4.1%
AIXTRON SE	Germany	Info Technology	4.0%
GE Vernova Inc	US	Industrials	3.8%
Kokusai Electric Corp	Japan	Info Technology	3.8%

As at 30 June 2026. See note 5, page 5.
Source: Platinum Investment Management Limited.

manufacturing and operational improvements. SpaceX is also the lowest cost provider with launch costs of ~$1,400 per kg on the Falcon Heavy super heavy-lift launch vehicle rocket ship. That is orders of magnitude lower versus competitors (see Figure 1). The key differences are the reusability of first stage boosters and payload fairing halves, vertical integration in design and manufacturing and persistent high cadence demand from Starlink.

Figure 1: Cost of transporting payloads to outer space for medium and heavy launchers



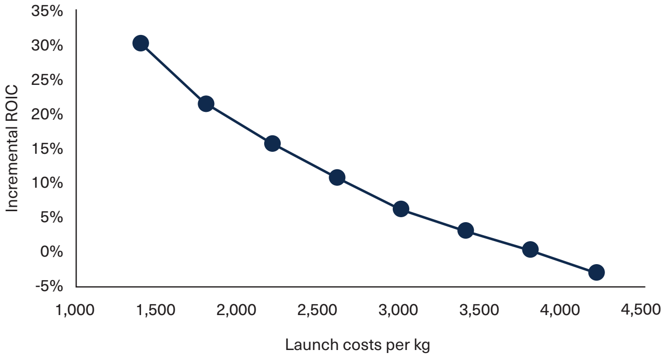
Source: Bruegel.org

The combination of unpredictable and lumpy external customer demand combined with large upfront capital investments meant that, historically, launch services were extremely risky ventures. Instead, SpaceX is parlaying its unique capabilities in launch services into developing and winning in more profitable commercial markets with persistent demand profiles.

The most relatable customer example is Starlink. Over the last eight years, Starlink built a constellation of ~10,000 satellites providing broadband services to ~10 million subscribers in predominantly rural and higher income customer segments. Starlink is very profitable (the Connectivity segment reported ~$12 billion in revenue and ~40% GAAP EBIT margin in FY25). We estimate Starlink likely makes incremental ROIC of ~30% on each V2 Mini satellite.

Given that launch costs are one of the key determinants of profitability for Starlink at ~65% of capex per satellite, having preferential access to SpaceX's capabilities give Starlink access and cost advantages versus competition. One option for competitors is to use next best options such as ULA Vulcan. At the higher quoted launch cost of ~$4,000 per kg and similar revenue and EBITDA margin to the V2 Mini, incremental ROIC on the satellite is zero (see Figure 2) and the launch provider is pricing the service at no margin. Alternatively, they can choose SpaceX where they will have to wait in the queue subservient to Starlink needs and SpaceX has the pricing power to take most of the economics by marking up launch costs at high margin. Either option limits their ability to sustainably offer comparable services at the same costs to customers and thus get access to funding in a very capital-intensive industry.

Figure 2: Starlink incremental ROIC versus launch costs per kg



Source: SpaceX S1, Platinum estimates, assumes revenue per satellite of $1mn, ~70% EBITDA margin, 5-year useful life, capex per kg of ~$2.2k per kg of which ~$1.4k is launch costs

We think Starlink's advantages will compound further when SpaceX successfully operationalises the larger Starship rocket. Starship is designed to carry ~1.6x Falcon Heavy's payload at an estimated ~1/3 the launch cost per kg, allowing SpaceX to launch larger payloads such as the V3 satellites and open up new customer segments previously uneconomical for Starlink.

At ~10x the bandwidth capacity versus the V2 Minis, the V3 satellites should give Starlink the ability to profitably build out a higher density network at a faster cadence, offer plans comparable to low end terrestrial broadband in speed and price, expand into suburban markets and reach lower income customers and emerging markets. We expect Starlink to offer mobile services in the near future and perhaps one day, run datacentres in space.

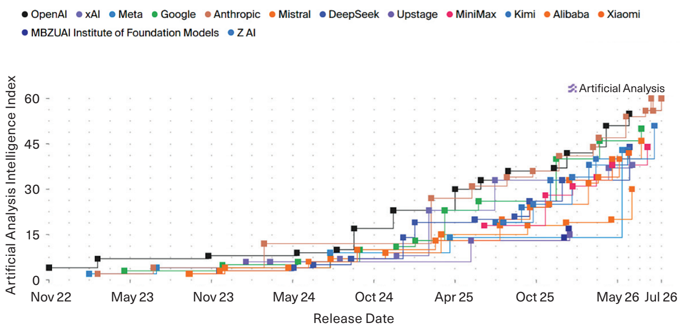
SpaceX – why not invest?

Despite our enthusiasm for the space business, we currently do not own SpaceX. Unlike the space business, we have a lot of questions about the future prospects of Elon Musk's AI start up, xAI, which is a wholly owned subsidiary of SpaceX.

In frontier models, competition is fierce and frequent changes in leaderboards highlight the lack of durable competitive advantage (see Figure 3). In datacentres, investments here appear attractive due to high GPU rental prices. However, this reflects tight compute supply. The key constraints to supply growth are from access to power generation and access to chips. Hyperscalers and neo clouds are competing aggressively with xAI for both and it's likely the majority of the value from high GPU prices will be captured by the likes of GE Vernova, TSMC and ASML.

Our work in this space has opened up a broader set of investable ideas and we made several investments in 1Q26. We bought a 50bps position (constrained by liquidity) in Filtronic, the sole supplier of E-Band Solid State Power Amplifiers for the satellite to ground station datalink for SpaceX. We expect revenue growth to accelerate over the next five years, driven by the increase in satellite launch cadence and growth in data capacity per satellite. We bought a 1.5% position in Globalstar believing it will be a strategically important asset for its satellite-to-mobile spectrum and iPhone installed base. Amazon subsequently announced it will acquire Globalstar, and we exited the position. Finally, we bought a 1.5% position in Echostar, which has agreed to sell its spectrum assets to SpaceX for cash and SpaceX equity. This gives us indirect exposure to SpaceX on a much more attractive sum-of-the-parts basis when compared to buying SpaceX outright.

Figure 3: Frontier language model intelligence, over time – 14 of 53 model creators



Source: artificialanalysis.ai. Artificial Analysis Intelligence Index v4.1 incorporates 9 evaluations: GDPval-AA v2, τ^3 – Banking, Terminal-Bench v2.1, SciCode, Humanity's Last Exam, GPQA Diamond, CritPt, AA-Omniscience, AA-LCR

We've also put on a few positions on the short side. We think legacy telcos are very vulnerable to market share loss as Starlink increases broadband and mobile capacity at ever lower price points. These companies are typically not well liked by customers (BT Group's FY26 annual report said their NPS score reached a record high of 33.4). They are ill equipped to compete financially given their high leverage and the need to service high interest payments and dividend payouts.

We've also come across competitors who are making dubious claims about their technology, future profitability or both. One example is a company with a market cap in excess of $20 billion. The company has launched <20 satellites to date and will likely generate negative incremental ROIC on each satellite even assuming optimistic 2030 launch costs. The company has also invested significant capital buying blocks of low-quality spectrum capacity, one of which is subordinate to Echostar. The other block's proximity is likely too close to GPS frequency to commercialise.

Outlook

Investors remain enthusiastic about the pace of AI infrastructure spending. We are happy with our AI exposure. We are also looking at parts of the market being ignored by investors. One area is high-quality businesses that could benefit from more use of AI and from continued development in AI technology. Another is high-quality businesses whose growth prospects are unlikely to be affected by AI.

Notes: Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006, AFSL 221935).

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class of the Fund and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. Where applicable, the gross MSCI index was used prior to 31/12/98. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The Disposition of Assets and Revenue Exposure by Region charts (i.e. other than "cash" and "shorts") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Unless otherwise noted, country classifications for securities reflect Bloomberg's "country of risk" designations. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this graph includes cash at bank, cash payables and receivables and cash exposures through long derivative transactions.
4. The graph shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. Index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".
5. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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