

Platinum International Technology Fund

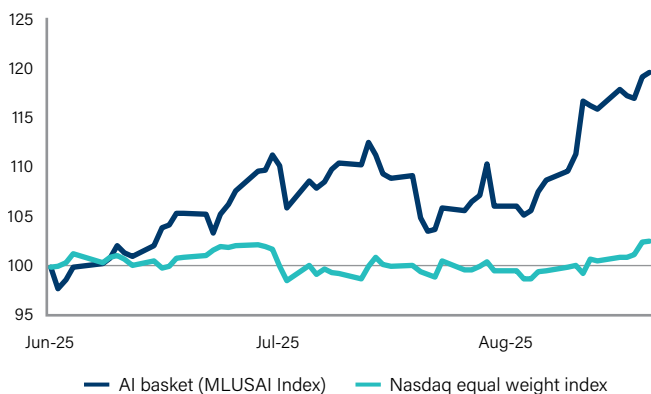


Jimmy Su
Portfolio Manager

Overview

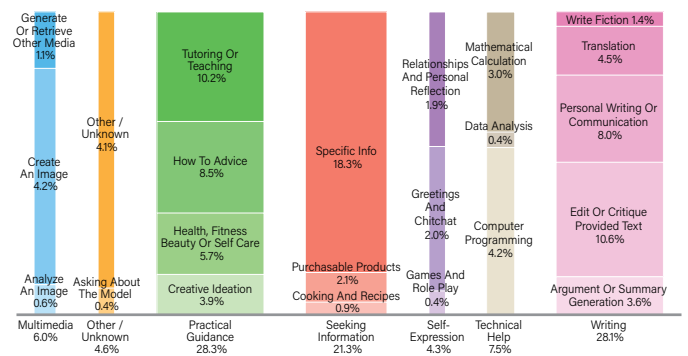
- The Fund benefited from strong performance from AI-oriented holdings in companies like **Broadcom**, **Nvidia** and **TSMC**. Our AI infrastructure stocks make up around 30% of the portfolio and stand to benefit from ongoing massive investment in the AI build-out. We also maintain holdings in high quality businesses with good long term growth drivers unrelated to AI spending – such as **Visa**, **Mastercard** and **Netflix**.
- Companies like **Alphabet** and **Meta** face the real threat of disruption from ChatGPT. They are investing heavily and strategically to combat this risk.

Figure 1: AI stocks vs Nasdaq equal weight index (rebased to 100)



Source: Bloomberg

Figure 2: How people use ChatGPT



Source: NBER

Performance

compound p.a.+, to 30 September 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	6%	28%	25%	13%	11%
MSCI AC World IT Index^	12%	34%	36%	22%	7%

+ 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.

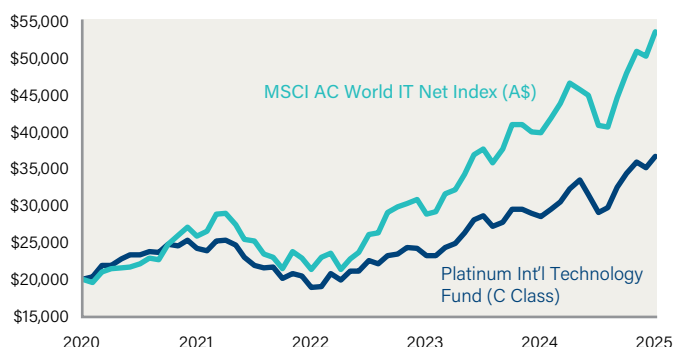
Source: Platinum Investment Management Limited, FactSet Research Systems.

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 September 2020 to 30 September 2025



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 was up over 6% last quarter as tech stocks carried on their strong performance from the June quarter. Our portfolio reflected a broader bifurcation in tech where AI stocks continue to do well whilst the average tech stock is trading water (Figure 1). AI infrastructure stocks (~25% of the portfolio at the beginning of the quarter) drove the majority of returns with **Broadcom**, **Nvidia**, **Vertiv** and **TSMC** each up around 20%, and **Amphenol** and **TE Connectivity** each up nearly 30%.

Netflix (-7%) and **SAP** (-10%) were down after reporting fine results but against elevated expectations. We exited **AMAT**, **Tokyo Electron** and **Synopsys** as a slowdown in China and disruption at Intel became meaningful headwinds to earnings growth.

Portfolio changes

- We increased our position in **Intuitive Surgical** from 1.5% to 3%. The stock is back to April lows due to a small systems placement miss outside of the US and competition from lower priced recycled Da Vinci surgical instruments. On the former, we suspect that this is due to customers holding back orders until the launch of Da Vinci 5 which has now received regulatory approval in Europe and Japan. We are less worried about competition from recycled instruments as our research indicates surgeons are the decision makers and prefer Intuitive instruments due to quality, safety and reliability. We do not believe the cost savings from switching is meaningful versus the risks as it only works out to be ~\$50 per surgery.
- The Fund is currently building a position in three defence tech companies totalling ~4% of the portfolio. We will update you with more detail once we have built the desired position. We also started a position in Grab, the number one food delivery and mobility service in South-East Asia.
- We exited analog semi companies **Texas Instruments**, **Analog Devices** and **Microchip**. The pace and trajectory of recovery this cycle is more tepid than history and our expectations had suggested. We suspect this is a structural issue as their auto and industrial customers are losing market share to Chinese competitors both in China and emerging markets.

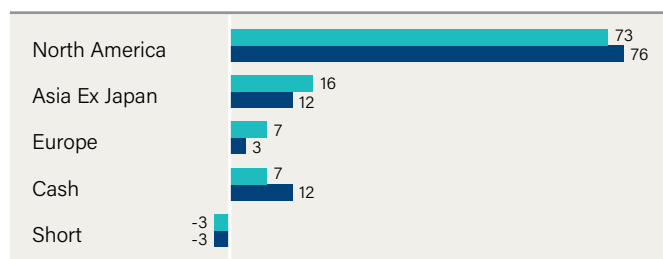
Commentary – is search being disrupted?

OpenAI's economic research team published an NBER working paper titled "[How People Use ChatGPT](#)". The analysis further supports the possibility that [ChatGPT poses an existential threat](#) to incumbent big tech companies. From mid-2024 to mid-2025, weekly average users grew around 3.5x from ~200m to ~700m. Daily message count grew ~5.8x from ~450m to ~2.6b.

The data also highlighted that usage outside of work-related activities is one of the faster growing segments, with message counts up ~8x over the period and now making up ~73% of messages. Figure 2 provides a breakdown of the different types of messages per the paper.

To date, the growth in OpenAI user engagement has come at the expense of Alphabet. Whilst Google Search still holds the largest search engine share, their share of total search queries is less than 70% (see Figure 3). We think this trend will continue as ChatGPT improves and the traditional search experience continues to degrade as the open internet is further inundated with low quality generative AI content and advertising.

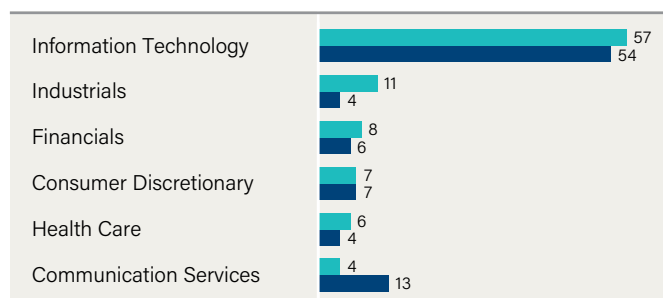
Disposition of Assets %



■ 30 SEP 2025 ■ 30 JUN 2025

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

Net Sector Exposures %



■ 30 SEP 2025 ■ 30 JUN 2025

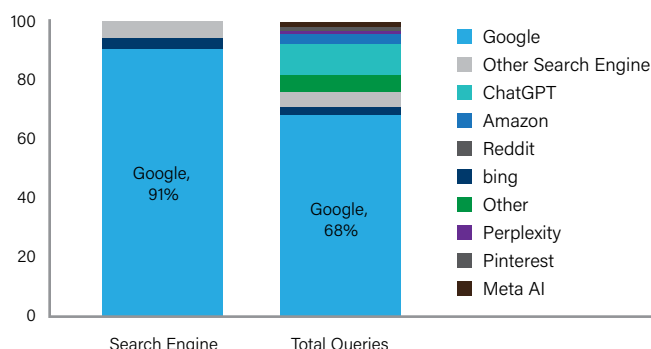
See note 4, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Broadcom Inc	US	Info Technology	7.4%
NVIDIA Corp	US	Info Technology	7.1%
Taiwan Semiconductor	Taiwan	Info Technology	6.3%
Microsoft Corp	US	Info Technology	6.0%
Amazon.com Inc	US	Cons Discretionary	4.8%
Mastercard Inc	US	Financials	4.2%
Veeva Systems Inc	US	Health Care	4.2%
Visa Inc	US	Financials	4.0%
Netflix Inc	US	Comm Services	3.8%
Vertiv Holdings Co. Class A	US	Industrials	3.6%

As at 30 September 2025. See note 5, page 5.
Source: Platinum Investment Management Limited.

Figure 3: Search query share (%)



Source: Bernstein research

The risk to Meta is further away but could be just as acute. There are some anecdotal data points which suggest that hyper-personalised chatbot messages may be addictive. It's also interesting that in the NBER dataset, "self-expression", which included "general chit chat" and "relationship and personal reflections" was one of the fastest growing categories (up ~8x in the past year).

If one was to believe that high quality AI video generation will be productised, it's not hard to see how ChatGPT competes with Meta for our attention by not only telling us exactly what we want to hear but showing us the images and short videos we want to see when we want to see them. The Vibes feed in the Meta AI app gives us a glimpse of this new reality.

As ChatGPT's engagement continues to grow, the next phase of competition will be for advertising dollars. The first two steps to monetise ChatGPT will likely be paid basic banner ads and embedding paid links to eCommerce websites in conversations.

The evolution would be "agentic commerce". In the next year, one could shop for an outfit by having a back and forth with ChatGPT about which items from different brands look good together. Then virtually [try them on](#), add the items we want to the chat and check out in one basket with [Shopify](#) handling the back end. In this flow, ChatGPT gets paid for conversion rather than Alphabet or Meta. We will wait to see what the advertisers' ROIs look like before forming a strong view on this potential.

Open AI keeps winning

OpenAI's ability to raise progressively larger amounts of money from various parties in the ecosystem (the latest being Nvidia) also makes it a much more dangerous adversary versus others in the past.

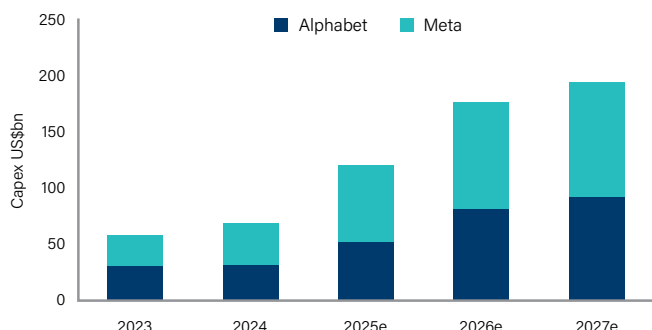
These vast resources give them access to more GPU capacity to train bigger and better models, expand into new modalities (e.g. video or audio models), continue under-pricing ChatGPT to drive adoption and engagement. Importantly, they can pay for distribution with operating systems such as iOS and Windows and browsers like Firefox and Edge so they become the default AI chatbot. There is a real risk the Federal Reserve cutting rates prolongs this funding cycle so that OpenAI can continue to lose money for longer than expected.

We believe both Alphabet and Meta are using the right strategies to defend their franchises. Both are keeping up with OpenAI on model performance (helped by advantages in both datasets and infrastructure). They are also leveraging their existing products for distribution. Alphabet is pushing Gemini into Android, Chrome and search (AI Overview) and will be launching AI Mode directly in Google.com. Meta is integrating Meta AI into its family of apps and its recently launched Meta AI standalone app has garnered a lot of attention.

Despite this, we think retaining their respective positions will come at a great cost. Alphabet and Meta's combined capex rose 2.7x from ~\$60b in 2023 to ~\$120b in 2025 to pay for AI data centre infrastructure. Capex is expected to reach \$180b in 2026 (see Figure 4).

Consensus estimates expect growth to slow in 2027 but we think high capex growth will be maintained as the cost of training models continues to increase, the cadence of model releases accelerates and competition expands into more compute intensive modalities such as video. Both companies not only have the financial capacity to spend more, but the willingness to do so given the perceived existential nature of the threat.

Figure 4: Alphabet and Meta's combined capex



Source: Factset

The Platinum International Technology Fund has owned Alphabet since 2011 and Meta since 2018. We made the decision this quarter to take advantage of their respective rallies and exit our holdings.

We are concerned that earnings growth for both will decelerate over the next three years. We think depreciation expenses will step up in 2026 as a delayed impact of prior years' capex spending and will be a drag on margins. The fact management are using more aggressive accounting policies to delay these impacts adds to our concern. We are also concerned that marginal costs will be higher in a generative AI world as the cost of servicing a LLM query is higher versus Google search and likely higher yet for Chain of Thought (prompt engineering techniques) and video generation.

We also think both Meta and Alphabet should trade at a lower multiple versus history. These companies are no longer unchallenged monopolies and investors should be extrapolating their earnings trajectory with more caution and lower confidence given the wider range of potential outcomes. In the short-term at least, the increase in capital intensity in the business model should put downward pressure on incremental returns on capital which should yield lower PEs.

Outlook

Navigating current market conditions is tricky. AI stocks are back to all-time price and valuation highs whilst non-AI stocks continue to muddle along. The market's enthusiasm for risk remains high as low quality and speculative names continue to outperform. Our inbox is inundated with prospectuses for speculative capital raises.

We remain vigilant but open minded. Thirty percent of the Fund remains invested in AI infrastructure stocks as we believe there is significant upside to AI capex. The remainder of the portfolio is invested in high quality businesses with good long term growth drivers that are unrelated to AI spending. Visa and Mastercard, Netflix, Veeva and Uber are examples.

We continue to look for opportunities which firstly, upgrades the growth or quality profile of the portfolio and secondly, are uncorrelated to our AI infrastructure exposures. Areas which we've made small investments in during the last quarter include medtech, defence and emerging market consumer tech.

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 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. 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 geographic disposition of assets (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. 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 table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table 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.

Disclaimers

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