

Platinum International Brands Fund



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Portfolio Manager

Overview

- While the operational performance of our holdings was more than satisfactory, Fund performance was affected by the shift of capital to AI names. We continue to see brand-based business as attractive investments. Over the longer-term, many of these firms are less prone to disruption than some high-tech names.
- In the US, signs of weakening consumer confidence and soft job numbers cast a pall over the consumer brands sector. We are still finding opportunities in businesses with strong brands and skilled management across a range of sectors.

Performance

compound p.a.+, to 30 September 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	1%	13%	9%	6%	11%
MSCI AC World Index^	6%	23%	22%	15%	6%

+ 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 Net Index in AUD.

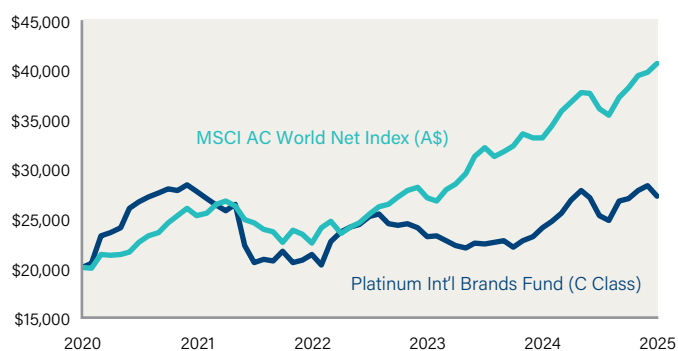
Source: Platinum Investment Management Limited, FactSet Research Systems.

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.

While major equity indices continued their ascent, this was a challenging quarter for the Fund.

First, the broader market's momentum was overwhelmingly propelled by the Artificial Intelligence (AI) theme, specifically stocks building-out AI data centres. Semiconductor companies, the 'picks and shovels' in this modern gold rush, were particularly strong. Our mandate is to invest in enduring global brands, so these companies fall outside our universe. Consequently, we did not participate in the most concentrated part of the rally.

Second, significant investor anxiety emerged around the US labour market with employment data softening from a very strong base. Then, on 9 September, the Bureau of Labour Statistics (BLS) issued a stunning admission: payrolls for the twelve months to March 2025 had been overestimated by 911,000 jobs.

Payrolls are a fundamental indicator of economic health.

A revision of this magnitude is staggering, suggesting that employment conditions are weakening from a far less favourable starting point. More than that, the announcement sowed doubt about the reliability of the data upon which market participants depend. Investors were faced not just with a weaker job market but uncertainty over whether they could trust the metrics that gauge it.

In this environment, consumer-facing stocks fared poorly. A vibrant labour market underpins consumer confidence and spending power. Given our focus on brands, our portfolio is naturally weighted towards this segment of the market. It is worth noting that through July and August our companies reported strong operational results, keeping pace with the broader market despite our lack of AI exposure. However, the BLS announcement was a clear inflection point. At this juncture, our performance diverged dramatically as investors rotated away from consumer-centric names towards the perceived certainty of the AI trade.

The largest contributors to quarterly performance were **Alphabet**, **Wolverine Worldwide** and **Tencent**. The largest detractors were housing-related stocks, **Pandora**, **Amer Sport** and **Birkenstock**.

Commentary – best shoes forward

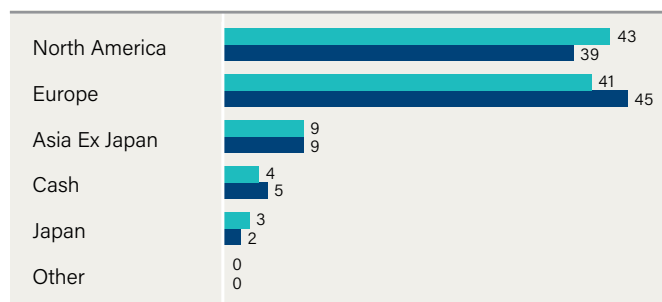
While our holdings are currently out of favour, we draw significant comfort from their underlying operational strength. Most of our companies reported excellent results during what is now understood to be a less economically favourable period. This speaks volumes about their quality.

While the beneficiaries of the AI build-out are growing rapidly, many of our holdings are also delivering very respectable growth. However, not all growth is created equal. Profitable growth that generates a high return on capital is infinitely more desirable than growth for growth's sake.

Growth that requires massive, continuous capital investment can be a double-edged sword. If a business cannot earn an adequate return on that capital, rapid growth simply means it is destroying your capital more quickly. The companies we own are not only growing but are doing so profitably and generating high returns on capital in the process.

The following discussion of three of our holdings will show why we believe short-term price declines, while disappointing, are not a cause for fundamental concern.

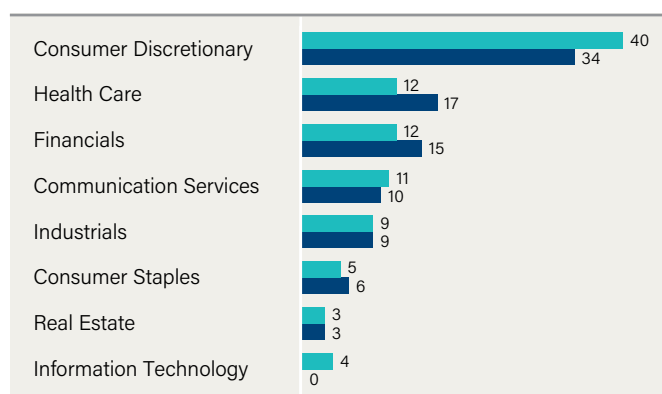
Disposition of Assets %



■ 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
Galderma Group AG	Switzerland	Health Care	4.5%
Industria de Diseno Texti	Spain	Cons Discretionary	4.5%
St James's Place PLC	UK	Financials	4.5%
Birkenstock Holding Plc	Luxembourg	Cons Discretionary	4.4%
Amer Sports Inc	Finland	Cons Discretionary	4.1%
Fair Isaac Corp	US	Info Technology	3.9%
Zoetis Inc	US	Health Care	3.8%
Home Depot, Inc.	US	Cons Discretionary	3.7%
Allfunds Group Plc	UK	Financials	3.6%
Tencent Holdings Ltd	China	Comm Services	3.6%

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

Birkenstock

Until a decade ago, Birkenstock was a sleepy, family-owned European business. With a 250-year heritage, its brand was iconic, but the business was stagnant – mismanaged, bloated and directionless.

In 2013, a new CEO, Oliver Reichart, was appointed to professionalise the enterprise. A decade later, Birkenstock is a lean, sharp, commercial machine. The brand has broadened its appeal from 'hippies, grannies, and tourists' into the fashion mainstream, attracting an army of advocates that includes a roster of celebrities. All while retaining its cherished authenticity.

This metamorphosis caught the eye of LVMH's Bernard Arnault, whose family office acquired the business in 2021 and took it public again in 2023, retaining a two-thirds stake. Arnault, perhaps the world's most astute brand investor, recognised the inherent power of this sleeping giant.

The results speak for themselves. Birkenstock's sales (for its September year-end) grew by 20% in 2024 and are on track for 18% growth in 2025. This top-line growth, combined with significant margin expansion, led to earnings growth of 2.5x in 2024 and a projected 50% in 2025. The company is mobilising its existing assets to grow more efficiently, resulting in a return on capital employed of nearly 50%.

Yet after falling 10% during the quarter, the stock trades on just 22x trailing earnings. Here we have a fast-growing company with a resilient business, a loyal customer base, and returns on capital that would make most technology firms blush, all at a below-market valuation multiple.

Amer Sport

Amer Sport is a Finnish company with a portfolio of niche sporting brands like Arc'teryx, Salomon and Wilson. In this [video](#) we explained how new management gave them the capital and expertise to truly unlock their potential.

Amer Sport's sales grew 19% in 2024 and are projected to grow 23% in 2025. This growth is coming from the higher-margin, faster-growing Arc'teryx and Salomon brands. This shift in the mix resulted in earnings growth of 5x in 2024 and an expected 34% in 2025. We anticipate this combination of top-line growth and margin expansion will persist, given the brands' early stages of penetration in key geographies and product categories. Amer now have the ability to pay down a large and tax-inefficient debt load.

Wolverine Worldwide

Wolverine Worldwide owns a portfolio of footwear brands. Like Amer Sport, it lacked the resources and leadership to commercialise its best assets. A new management team is implementing a much-needed shake-up, focusing resources on key brands.

Saucony has long held a powerful reputation among elite runners but failed to translate this halo effect into mainstream appeal. Its distribution was strong in specialty running stores but nearly non-existent in major sporting goods channels. When Nike made its ruinous strategic error of focusing on direct-to-consumer sales, it left a vacuum in the wholesale channel that brands like Hoka, On and New Balance eagerly filled. Saucony fumbled the opportunity, probably due to leadership flux at the time.

Fortunately, the current 'retro runner' fashion trend gave Saucony a second shot. Alongside New Balance and Asics, Saucony has a deep archive of heritage styles that resonate with today's consumer and this is unlocking shelf space at mainstream retailers. While distribution has expanded rapidly, Saucony is still only in approximately 3,000 wholesale doors – for context, On and Birkenstock are in three to four times as many.

The early results of this new focus are compelling, with Saucony's sales growth accelerating to 40% year-on-year in the latest quarter and the stock up 40% over the same period. Higher sales and margins at Saucony lift the entire Wolverine enterprise, providing the capital to reinvest in its growth and, eventually, to replicate this playbook with the Merrell footwear brand. The company has halved its debt in two years and is expected to deliver 33% earnings growth this year. Despite this operational turnaround and clear growth runway, the stock trades at just 21x earnings.

Outlook

Today the market is mesmerised by a narrative around AI's massive growth potential. We do not know how long this rally can last, but in this fevered environment brand based businesses may struggle to keep pace. However, we are confident the long-term performance of quality brand businesses – and our Fund – will be determined by their underlying profitability.

The market is rightfully concerned about the US labour market and the consumers' resilience. Many of our companies are indeed vulnerable to a temporary slowdown in spending. However, their core franchises are remarkably resilient to permanent disruption.

One can easily imagine a competitor developing a superior GPU, a more efficient large language model, or a more prescient AI agent that permanently displaces today's leaders. Our companies do not face these existential threats. The last great technological disruption in Birkenstock's industry occurred a couple of centuries ago when someone realised that left and right feet were shaped differently.

We continue to find highly attractive investment opportunities. In our discussions of Birkenstock, Amer Sport and Wolverine we hope to have shown that while their recent share price performance has been challenging, the underlying businesses are forging ahead. We believe this disconnect between price and value is untenable. To profit from the eventual closing of that gap requires the discipline to stay the course and ignore the 'fear of missing out' that has now reached a fever pitch.

Our conviction in our process and our portfolio companies remains steadfast and we believe this discipline will be rewarded over the long term.

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.

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