

Platinum International Brands Fund



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Portfolio Manager

Overview

- The Fund returned more than 4% for the quarter but performance for the past year has been weak as tech stocks, particularly those in the semiconductor space, dominated market returns.
- Over the past few years, the US consumer has faced multiple negative pressures – higher interest rates, weak house prices, tariff-driven inflation and an oil price pushed up by the Iran war. More positive signs are now emerging, especially around jobs, incomes and oil prices.
- Despite the tough environment, most of the stocks in the Brands Fund are delivering 10-20% increases in both sales and profits. That underlying strength could be rewarded by the sharemarket when sentiment around consumer stocks improves.

Performance

compound p.a.⁺, to 30 June 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	4%	-14%	-1%	-4%	10%
MSCI AC World Index [^]	14%	17%	18%	13%	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.

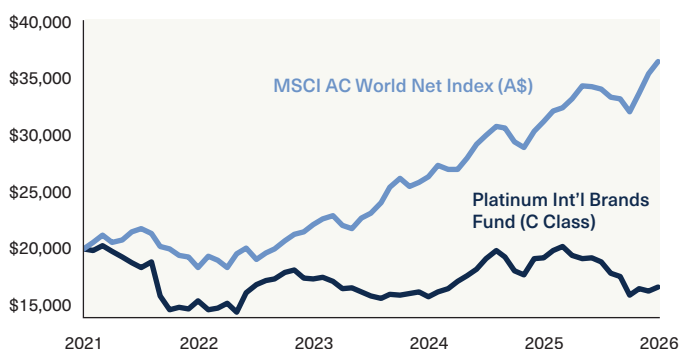
Source: Platinum Investment Management Limited, FactSet Research Systems.

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 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 Platinum International Brands Fund returned +4.4% and -13.5% for the quarter and financial year, respectively.

There are quarters in which a rising market carries everything with it and quarters where it lifts a favoured few and leaves the rest behind. This quarter was firmly the latter. Markets rallied hard and recovered the ground lost earlier in the year, yet your Fund watched a good bit of it from the sidelines. That is an uncomfortable place to sit and you are owed a frank account of why we were there.

Market backdrop

The rally was remarkable not for its strength but for its narrowness. Of the eleven sectors, Technology outperformed; the other ten trailed the broader market. Even within Technology the gains largely came from a single segment: semiconductors. Swept up by the Artificial Intelligence (AI) investment boom, the Philadelphia Semiconductor index (SOX) rose 90% in three months, its best quarter since it was created in 1993. Semiconductors now account for almost 20% of the S&P 500. A decade ago, they were a mere 3%.

The brands we own inhabit a very different neighbourhood, clustered in the consumer-facing corners of the market. While the AI names soared, Consumer Discretionary, Staples and Communication Services were again among the worst performers. In relative terms, consumer stocks have only been this out of favour at the depths of the 2009 financial crisis and during the 2020 pandemic lockdowns. Sentiment is extremely negative.

None of this softens the plain fact our portfolio lost money over the past year.

State of the consumer

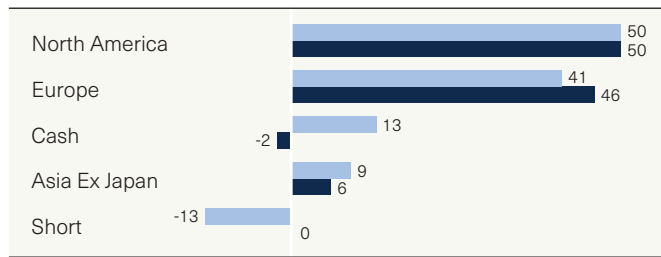
Our challenges trace back to the financial health of the consumer. Since 1952, the University of Michigan has surveyed Americans on how they feel about their finances, and its May 2026 survey has slumped to the lowest reading in its long history. Yes, this measures mood rather than hard data, but how a household feels about its prospects is what determines its willingness to spend. The average consumer feels wretched.

They are not being irrational. Consumers have been squeezed from every angle. Interest rates were hiked five percentage points as we emerged from COVID's shadow. The generous fiscal support of the pandemic years was withdrawn. US house prices have gone nowhere for two years; backwards after inflation. The labour market has cooled, with hiring and wage growth slowing. Then came the Liberation Day tariffs, a broad tax on almost everything a family buys, followed this year by a doubling of the oil price.

Yet, despite this environment, most of the companies we own continue to grow sales and profits at a remarkable pace. What has fallen is not their earnings, but the multiple investors are prepared to pay for those earnings. This is a crisis of sentiment, not substance. This matters because sentiment can turn far faster than a business.

Two anxieties in particular have weighed on our holdings and there are now signs both are beginning to lift.

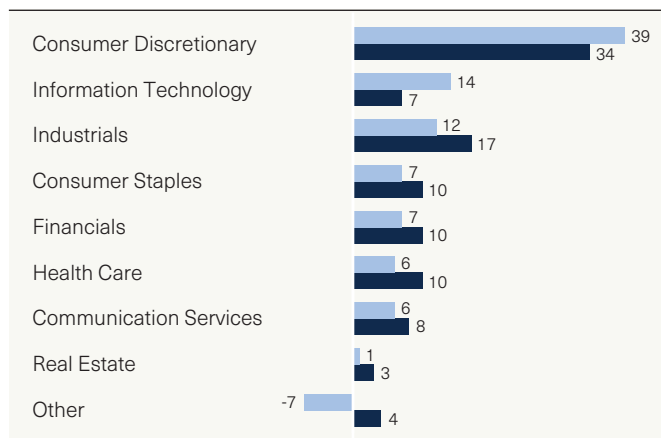
Disposition of Assets %



■ 30 JUN 2026 ■ 31 MAR 2026

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

Net Sector Exposures %



■ 30 JUN 2026 ■ 31 MAR 2026

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Games Workshop Group	UK	Cons Discretionary	4.5%
Galderma Group AG	Switzerland	Health Care	4.4%
Visa Inc	US	Financials	4.2%
Caterpillar Inc	US	Industrials	4.2%
Amer Sports Inc	Finland	Cons Discretionary	4.1%
Birkenstock Holding Plc	Luxembourg	Cons Discretionary	4.1%
Brent Crude Index (ICE)	US	Other	3.9%
Industria de Diseno Texti	Spain	Cons Discretionary	3.9%
Experian PLC	Ireland	Industrials	3.7%
Lottomatica Group Spa	Italy	Cons Discretionary	3.7%

As at 30 June 2026. See note 5, page 5.

Source: Platinum Investment Management Limited.

Are the clouds lifting?

The first is jobs. American hiring stalled around April last year. Tariff-related uncertainty led businesses to defer hiring and investment decisions. The result was a “low hire, low fire” environment unconducive to wage growth.

Now the mood has lifted. Hiring leapt in March and again in April and May. Wage growth remains subdued, but a firming jobs market is unambiguously welcome. Wage growth tends to follow.

The second is oil. For most families, buying petrol is not a choice, so a doubling in price is like a tax draining the household budget. Here too the clouds have parted. Ceasefire or not, the standoff in the Strait of Hormuz has settled to the degree where more oil is flowing through than at any point since the fighting began. Brent crude is around US\$72 a barrel, roughly its pre-war level. Oil spent much of the past three months above US\$100.

In other good news, rental inflation continues to fall and the tax cuts embedded in the One Big Beautiful Bill lift take-home pay for many families.

In summary, fiscal policy is loosening, there are more jobs and oil prices are back at pre-war levels. As this flows through to consumers’ hip pockets and the spectre of recession recedes, investors’ apprehension about consumer-facing stocks should dissipate.

The business versus the stock price

When considering our disappointing performance, it helps to look at the companies we hold as a private owner might. With no stock price to watch, the focus falls on sales and profits and how those are evolving. That separates sentiment from reality.

Difficult as the environment is, our ten largest holdings grew sales by 13% and profits by 19% over the past year, on average. These businesses are plainly thriving, not struggling to survive as their stock prices might suggest.

Birkenstock (+23%) was among our strongest contributors over the past quarter. The German sandal-maker, with two and a half centuries of heritage, keeps finding fresh ways to grow as a capable management team burnishes the brand, opens new product lines and expands overseas. It earns a 24% operating margin and a 40% return on capital and grew profits 25% on a year ago. Any private owner would be content with these numbers. The CEO, who bought millions of euros in stock this year, and the board, which recently launched a substantial buyback, plainly agree.

Caterpillar (+36%) was another strong performer, shrugging off a 14% fall in profit. Steel is a key input and tariffs hurt; management is working on remedies, but they will take time. Beneath the surface, demand is heating up. Cat's engines and turbines power locomotives, ships, oil rigs, gas pipelines and now datacentres, a source of demand as ferocious as it is price-insensitive. Add a mining and energy complex emerging from a decade of underinvestment and a depressed construction sector turning the corner and the prospects look bright.

Our worst performer was **Zoetis** (-35%). Simply, we got this wrong. Zoetis makes medicines for pets and livestock and has long been the great innovator of its field, having pioneered and dominated the huge markets for canine dermatology and three-in-one parasiticides.

Unfortunately, its rivals have caught up and its commercial response has disappointed. In fairness, it likely expected its promising new arthritis treatment to comfortably offset any erosion. However, a social media scare campaign derailed its US launch largely because their commercial response was again inadequate.

Zoetis has a superb research engine and an exciting pipeline; we simply misjudged its ability to execute commercially. We have sold the bulk of our holding, as its next launch is at best a year away.

STOCK	SALES GROWTH	PROFIT GROWTH
Caterpillar	4%	-14%
Birkenstock	16%	25%
Amer Sports	27%	45%
Experian	4%	6%
St James's Place	17%	27%
Games Workshop	17%	29%
Lottomatica	12%	22%
Galderma	18%	28%
Zoetis	2%	6%
Visa	11%	11%
Average	13%	19%

Source: Factset, Fiscal year 2025

Outlook

The market remains transfixed by the AI investment boom, grinding higher on a narrowing group of stocks. Early beneficiaries such as Nvidia and the hyperscalers (like Google and Microsoft) have lost momentum, while companies at the genuine supply bottlenecks keep ascending. There is unease over how much is being spent and how the bill will be met.

If performance stays concentrated in semiconductors, our portfolio is unlikely to outperform, and we would rather say so plainly than dress it up. But narrowness of this kind rarely lasts. Should the rally broaden we are well placed, and more so if consumer spending keeps improving. In the meantime, our companies keep compounding earnings despite the headwinds. That swelling pool of profit is laying the groundwork for better returns down the track.

Two risks occupy our thoughts. The first is the durability of the AI boom, and whether all that investment will earn its keep. Were it to disappoint, the whole market would feel the chill, though we have little direct exposure to this theme. The second is inflation. With growing barriers to the movement of goods and people, higher geopolitical risk and a push to bring supply chains home, the age of low inflation appears over and the Warsh Federal Reserve sounds more hawkish than most presumed. Both carry consequences for every asset class.

We know how hard it is to watch the value of your savings fall, and we do not treat it lightly. Our conviction rests on the underlying performance of the businesses we own: a collection of genuinely thriving companies priced cheaply by a nervous market distracted by the shiny new thing. As we remarked last quarter, patience is rewarded most handsomely when the gap between sentiment and reality is widest. Today, that gap looks wide indeed.

Thank you, as ever, for your trust.

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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