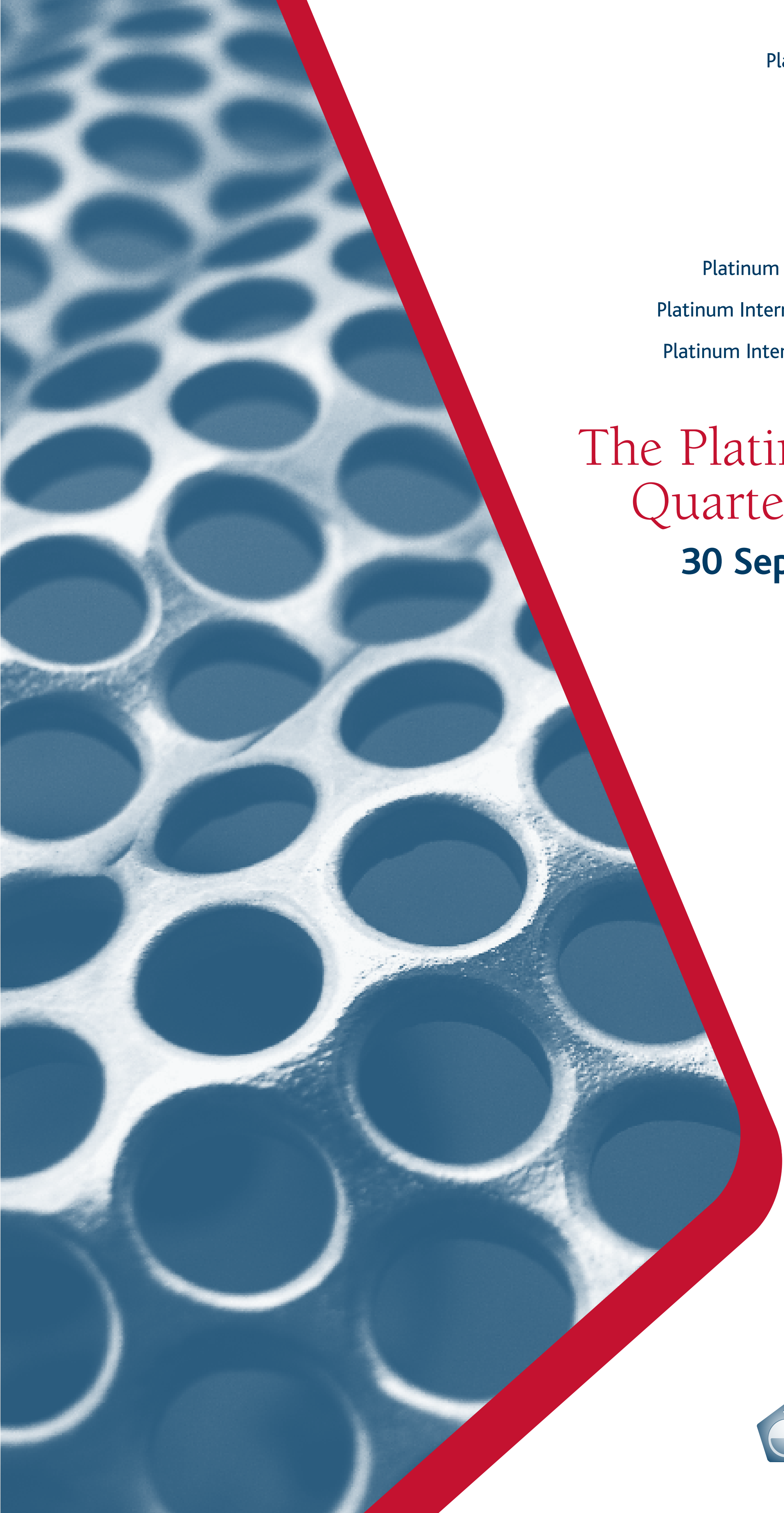


Platinum International Fund
ARSN 089 528 307
Platinum Unhedged Fund
ARSN 123 939 471
Platinum Asia Fund
ARSN 104 043 110
Platinum European Fund
ARSN 089 528 594
Platinum Japan Fund
ARSN 089 528 825
Platinum International Brands Fund
ARSN 092 429 813
Platinum International Health Care Fund
ARSN 107 023 530
Platinum International Technology Fund
ARSN 092 429 555

The Platinum Trust® Quarterly Report

30 September 2007

Platinum® ASSET MANAGEMENT

Front cover photograph: K. West.

CONTENTS

Experts ...

We recognise that our greatest untapped resource is our readers. If you are an industry expert, we would welcome your comments and ideas.

Do email us at:

commentary@platinum.com.au

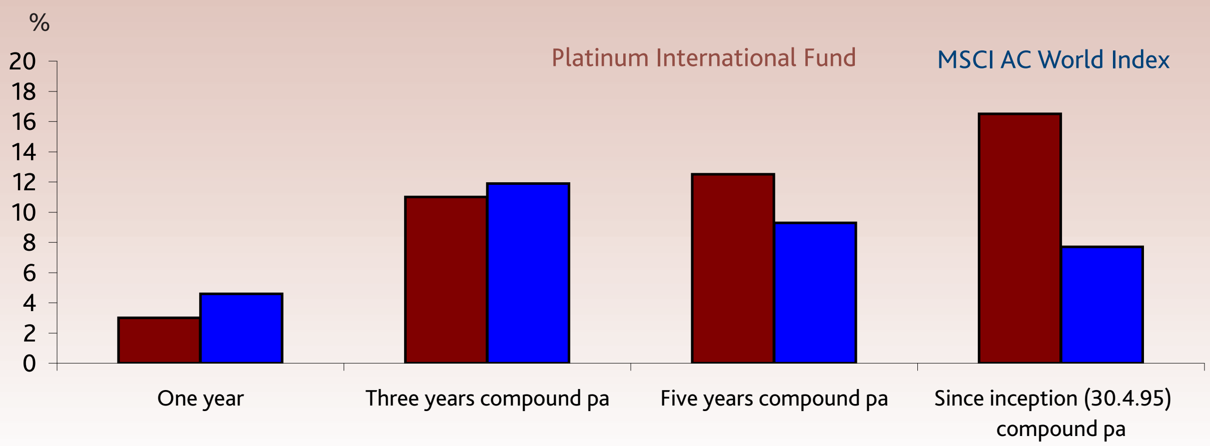
PERFORMANCE RETURNS TO 30 SEPTEMBER 2007

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$9,329m**	**-0.7%**	**3.0%**	**9.4%**	**11.0%**	**12.5%**	**16.5%**
MSCI AC* WORLD INDEX		-0.8%	4.6%	10.7%	11.9%	9.3%	7.7%
UNHEDGED FUND	**$56m**	**-3.5%**	**5.4%**	**17.6%**	**-**	**-**	**18.4%**
MSCI AC WORLD INDEX		-0.8%	4.6%	10.7%	-	-	12.4%
ASIA FUND	**$3,079m**	**6.3%**	**32.0%**	**26.7%**	**34.2%**	**-**	**33.6%**
MSCI AC ASIA EX JAPAN INDEX		13.8%	35.6%	30.5%	28.1%	-	25.2%
EUROPEAN FUND	**$381m**	**-5.3%**	**7.4%**	**14.5%**	**15.4%**	**18.4%**	**15.8%**
MSCI AC EUROPE INDEX		-2.2%	7.9%	16.1%	17.0%	14.1%	3.2%
JAPAN FUND	**$782m**	**-4.7%**	**-13.5%**	**-2.3%**	**7.5%**	**10.3%**	**18.7%**
MSCI JAPAN INDEX		**-5.0%**	-9.7%	2.3%	8.0%	4.4%	1.9%
INTERNATIONAL BRANDS FUND	**$683m**	**-3.1%**	**2.9%**	**11.4%**	**19.0%**	**16.1%**	**16.1%**
MSCI AC WORLD INDEX		-0.8%	4.6%	10.7%	11.9%	9.3%	-1.0%
INTERNATIONAL HEALTH CARE FUND	**$23m**	**2.8%**	**-1.0%**	**7.6%**	**5.7%**	**-**	**4.7%**
MSCI AC WORLD HEALTH CARE INDEX		-2.6%	-9.6%	1.1%	3.4%	-	4.9%
INTERNATIONAL TECHNOLOGY FUND	**$64m**	**-4.0%**	**-1.5%**	**9.2%**	**8.2%**	**13.4%**	**9.9%**
MSCI AC WORLD IT INDEX		1.8%	4.5%	7.6%	8.1%	8.5**%**	-12.6%

*Morgan Stanley Capital International All Country

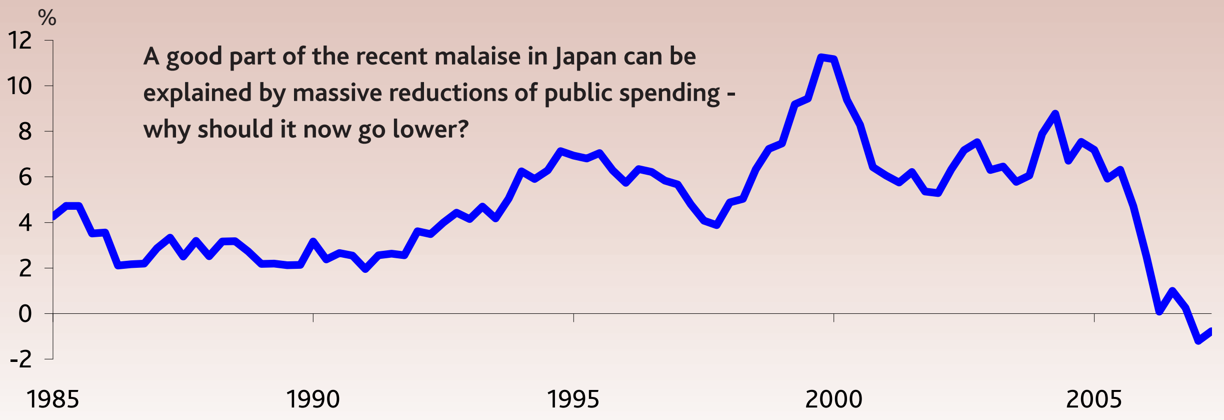
Source: Platinum and MSCI. Refer to Note 1, page 40.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 30 SEPTEMBER 2007



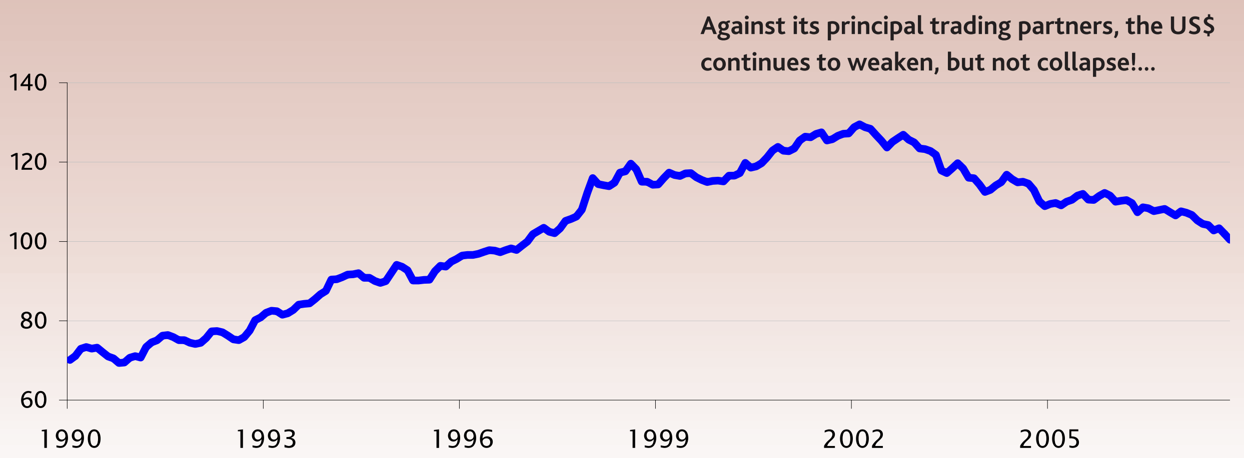
Source: Platinum and MSCI. Refer to Note 1, page 40.

JAPANESE PUBLIC SECTOR BORROWING REQUIREMENTS (AS A % of GDP)



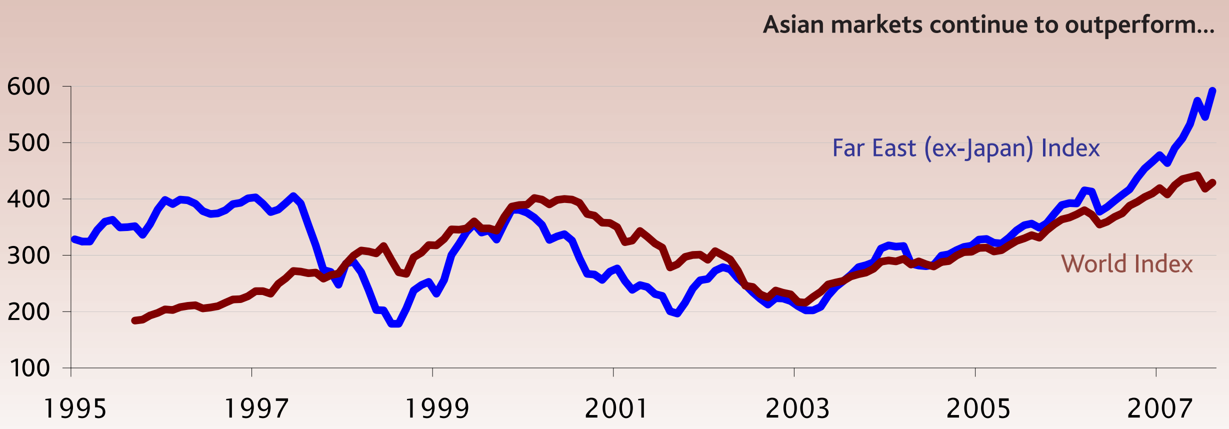
Source: Wigram Capital

THE US DOLLAR



Source: Federal Reserve Board

WORLD AND FAR EAST (EX-JAPAN) INDICES



Source: Factset

PLATINUM INTERNATIONAL FUND

Kerr Neilson
Managing Director

PERFORMANCE

As you will see from the body of this report, the trend of world stock markets has been set by the conviction that the world is "growing stronger for longer". Years of underinvestment by many processed commodity industries, ranging from mining to refining have resulted in dramatic price rises, a resulting surge in profitability and explosive gains in their share prices. Australia, with its abundant natural resource base has been a prime beneficiary of this trend as it enjoys its fifteenth year of uninterrupted growth.

We have been inadequately positioned for this trend even though we were early to recognise the significance of China and India in terms of the physical off-take of commodities they lacked. This view found expression in holdings such as MIMS and Noranda. We then moved too aggressively into the one laggard in the piece, Japan, with the logic that growth would be good for one of the world's leading exporters. However, *ideal* positioning called for maximum exposure to highly cyclical companies and financials, with the currency exposure being hedged fully into commodity rich currencies. We were not so positioned.

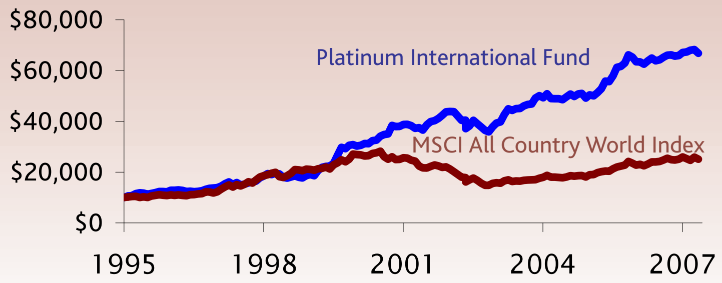
For those of us trying to read the tone of the market, the surprise has been the relatively mild sell-off of equities in the face of a clear "market failure" in the credit markets. Skyrocketing share prices since the Fed cut short-term rates, by a surprising fifty basis points, simply reinforce the bullish sentiment of the day.

MSCI WORLD INDEX COUNTRY PERFORMANCE (AUD)

REGION	QUARTER	1 YEAR
HONG KONG	19%	27%
BRAZIL	16%	66%
INDIA	15%	38%
KOREA	9%	22%
AUSTRALIA	7%	31%
GERMANY	-1%	24%
US	-2%	-2%
UK	-4%	3%
FRANCE	-5%	5%
JAPAN	-5%	-10%

Source: MSCI

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40

DISPOSITION OF ASSETS		
REGION	SEP 2007	JUN 2007
NORTH AMERICA	27%	26%
JAPAN *	22%	23%
EMERGING MARKETS	20%	19%
WESTERN EUROPE	18%	19%
CASH	13%	12%
SHORT	26%	25%

* The Fund also has a 11% short position in Japanese Gov't Bonds

Source: Platinum

For the quarter, our cautious positioning has barely helped our performance. Even as the markets recovered, the Australian dollar acted like a lead weight on our recovery just as its weakness had shielded the down-draught. The short sales helped with some profits being taken but some of this was undone as the markets quickly resumed their uptrend within days. This has left us feeling most frustrated and ever more eager to remove our protective strategy, relegating it to the "bad-idea bin" of portfolio management.

For the quarter we fractionally outperformed the MSCI All Country World Index but for the last 12 months we are trailing the MSCI return of 4.6% by 1.6%. The five year and longer numbers are still very respectable.

CURRENCY

We presently have virtually no US dollar exposure. We are 27% long the Australian dollar, 23% long the Japanese yen, 22% long the European currencies and the remainder is an exposure to the underlying Asian currencies.

PLATINUM INTERNATIONAL FUND - TOP 15 STOCKS		
STOCK	COUNTRY	SEP 2007
MOSAIC	US	3.1%
CISCO	US	2.9%
MICROSOFT CORP	US	2.8%
ERICSSON	SWEDEN	2.8%
BOMBARDIER	CANADA	2.7%
INTERNATIONAL PAPER	US	2.6%
SIEMENS	GERMANY	2.5%
HUTCHISON WHAMPOA	HONG KONG	2.5%
CREDIT AGRICOLE	FRANCE	2.1%
BARRICK GOLD CORP	US	2.0%
ROYAL DUTCH SHELL	NETHERLANDS	1.7%
DENSO CORP	JAPAN	1.7%
SONY CORP	JAPAN	1.7%
HENKEL KGAA	GERMANY	1.7%
PERNOD RICARD	FRANCE	1.5%

Source: Platinum

By way of background, **there follows a brief description of the market's recent travails**. Just as all is progressing smoothly, along comes a surprise. On this occasion it was ostensibly related to sub-prime lending. Regular readers would have anticipated such an outcome having been exposed to a high dosage of disapprobation about easy lending and cheap money which would leave lenders unrequited for the risks they had run. However, it was unsettling to find that supposedly deep markets could freeze almost overnight.

The **common belief had been that securitisation dispersed the risk among many**. This contrasted with earlier times where problems from careless lending would emerge in the banking system, eventuating in a subsequent rationing of credit and withdrawal of lines in the face of credit losses and equity write-offs. This most recent episode of securitisation not only segregated originators from eventual owners but co-mingled and geared the resulting collateralised debt obligations, CDOs,* the value of which was consequently magnified by

* For more coverage on this topic, please see the John Hempton article on our website at the following link: http://www.platinum.com.au/images/us-finance.pdf

this leverage, both up and down. When trouble struck, those trading in these markets became uncertain as to the inherent value of their paper and this resulted in sharp and often unpalatable markdowns. At these prices, most lacked the will to transact. Simultaneously, several leading banks were discovered to have established off-balance sheet entities that were also heavily geared. Fortunately the central banks were able to tide over most of those institutions caught with long-term lending obligations funded with short-term money but not before we were all reminded again of the risks of high leverage.

Gradually the freeze has thawed and as we end the quarter many of the signs of stress have diminished and it is almost back to business as usual. Well, not quite! The leveraged buy-out brigade aka private equity is in some instances reneging on their deals or at least attempting to renegotiate their terms. The banks are trying to extricate themselves from some of their more extravagant commitments and are landed with contingent liabilities that they never envisaged would be called upon. They are still reluctant to lend to "nobodies" and even among themselves there is a clear divide between big and small institutions, with poorly funded long-term lenders such as RAMS or Northern Rock needing to find new owners as losses have impaired their solvency. (The global write downs by the banks alone will run to many billions. Also, as these special off-balance sheet vehicles are brought back on balance sheet, capital constraints could lead to equity raisings.)

COMMENTARY

The key ideas one needed to have grasped immediately after the Internet bubble in 2001were that:

1. the **Federal Reserve Board would act vigorously to support economic activity in the face of weakening activity** (even if Japan has shown that force-feeding credit is no use if people do not wish to borrow or lend);

2. the world would continue to experience a **different type of cycle to anything seen since the 1950s**; and

3. the trade-threatening mercantilist policies being followed in Asia would be **accommodated by the recycling of surpluses** back into the assets of the deficit nations and importantly this would maintain order in the currency markets.

Economic history reveals many events that are completely paradigm changing. On this occasion it is the **entry of say, one third or one fourth of humanity onto the world capitalist stage**. This (in simple terms) is suppressing the cost of labour and transferring jobs dependent on traded goods and some services to these lower cost centres. This in turn is bolstering the profit share of capital in general - hence the super rents we have highlighted in past quarterlies. It is also disproportionately rewarding the nations and owners of the resources who in the past had neglected investment in the face of weak commodity prices. Until these bottlenecks are alleviated, through supply responses or substitution, these heightened rewards will accrue. This in turn has positive implications for resource-backed currencies and negative implications for chronic borrowers.

To date we have mistakenly fretted about the durability of the recycling process, fearing that credit defaults and/or chronic weakness in the US dollar would create circumstances beyond the control of the central banks. We coincidentally underestimated the willingness of some Western consumers to borrow. Having taken this stance, one was then set on a path of unrewarded caution.

Where does this leave us now? As we noted in July, the outcome from these trade driven (mercantilist) policies is a **wall of liquidity which will find expression in asset prices at the source of these imbalances**. Early and aggressive cuts by the Fed may have the appearance of bailing out the system but we suspect they **simply raise the tempo of the asset chase.**

There are, however, some warning signs that the enthusiastic lending practices of the last several years have left an indelible mark. Firstly, the gold price has begun to move to yet higher ground even when expressed in strong currencies such as the euro. Secondly, the Chinese buyers of longer dated US Government paper have been absent from the market since the May auction. This incidentally set-off a complicated rebalancing of duration by funds and institutions that in turn unleashed the sub-prime cascade.

Importantly, the recycling process that is at the heart of the equilibrating act, to compensate for trading imbalances, continues with those countries attempting to manage their currencies' exchange rate recycling to the short-end of the yield curve and now perhaps into real assets.

Thirdly, high growth markets or those with a surfeit of internal savings have moved to new highs while most of those dependent on foreign savings are still below their earlier peaks. There has clearly been a change of mood but mostly at the extremes. Those with strong internal drivers continue to flourish and those with weaker fundamentals may be losing momentum.

Domestic inflation of asset and other prices potentially threaten the *status quo*. Food inflation has more to do with a global repricing of resources - see previous commentary on our agricultural theme. To dampen down asset speculation, the Chinese authorities have also been proactively introducing selective measures. As we noted last quarter, the Taiwanese tried virtually everything to control asset prices post their currency float but the pressure was inexorably upwards. An important measure to watch is the *rate of change* of urbanisation in China: this would forewarn of any tightening in labour supply and potential wage inflation. For the moment though, all the indicators point to the growing intensity of speculation in China and increasingly, in neighbouring countries and further abroad.

CONCLUSION

This period is somewhat reminiscent of the tech bubble where in the latter days we gradually shifted away from trendy areas to find refuge in non-tech "boring" companies. Today, there is not as wide a valuation gap between hot and cold. The areas of relative safety are the non-levered, non-resource, large capitalisation global companies which display modest operational leverage. Many have records of years of uninterrupted growth and yet have been partly overlooked by investors as they focused on buy-out candidates or simply believe the commodity boom is too compelling to be distracted with other notions. That is not to say we cannot find a large number of interesting investments in Asia which on account of their perceived peripheral participation are still modestly valued. We are therefore **managing a barbell strategy**. This can be characterised as participating at the margin of the asset bubble centred in Asia and offsetting this with a large helping of quality globally dominant players which are trading at below trend valuations. If growth continues to be strong we will enjoy the slip stream and if it turns out to be weaker, we should avoid the nasty surprises.

Post quarter-end we reduced our short positions to 20% but do not wish to be too exposed to the currencies of those nations dependent on others' *largesse*.

We believe our long duration themes such as data mobility, infrastructural deficiency, the pulp and agriculture commodity cycle etc, are well on track. That most of these companies have virtually no debt is an important consideration as is our very limited exposure to financial companies and the Western consumer. While Japan is now perceived as a relic of an earlier industrial age, our exposure there has many companies that are participating in the current boom of world growth but without the financial risk. **Moreover, like other large capitalisation companies they may attract the interest of Sovereign funds who are now looking to invest in real assets, as opposed to nominal claims ie. bonds and bills.**

As we rue our earlier caution, we cannot for the moment identify factors that will dislodge the drivers behind the current upward trend in most equity markets. We have accordingly adjusted to a more optimistic investment stance.

PLATINUM UNHEDGED FUND

Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio include:

- 14% Pulp and Paper, key neglected part of the commodities complex (International Paper).
- 13% Technology, Health Care and other once proud "growth" stocks (Ericsson, Pfizer).
- 12% Energy, Agriculture and "Green" Technology (Royal Dutch Shell), a long duration theme.
- 10% Japanese domestic (construction companies, banks, transport); after a 14 year bear market, the Japanese property market is showing some signs of life.
- 11% Asia ex-Japan/China, largest exposure Thailand; key neglected Asian market (Bangkok Bank).
- 9% Global infrastructure capex related (Bombardier, Yokogawa) – combination of the BRICs* emerging infrastructure requirements and the need to "renew" key parts of Western social infrastructure.
- 9% Hong Kong Chinese listings, likely to be re-rated as Chinese domestic liquidity overflows.
- 7% European advertising spend recovery and other domestic exposures (Publicis, TV Companies).
- 5% Gold, a laggard metal, inflation and US dollar hedge (Barrick Gold).

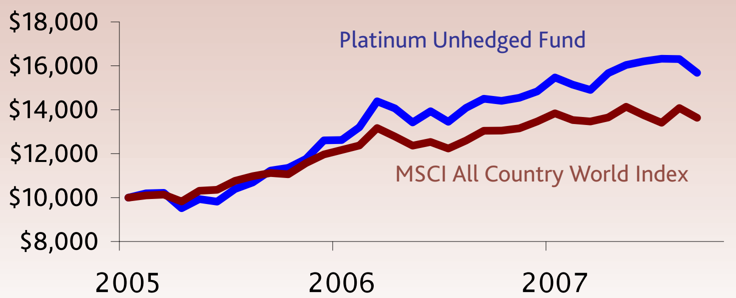
* Brazilian, Russian, Indian and Chinese markets

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
NORTH AMERICA	28%	32%
ASIA AND OTHER	26%	22%
JAPAN	19%	21%
EUROPE	13%	13%
AUSTRALIA	4%	2%
CASH	10%	10%

Source: Platinum and MSCI

VALUE OF $10,000 INVESTED SINCE INCEPTION
31 JANUARY 2005 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the past 12 months the Fund returned 5.4% versus 4.6% for the MSCI All Countries World Index (A$). Over the past quarter the Fund underperformed the benchmark by 2.7%. The three areas that contributed to the underperformance were our large pulp and paper bet, European old media and Japanese domestic stocks. Our winners were largely confined to the onward march of our Hong Kong stocks and a bounce in the gold stocks (seen as protection against a falling US dollar).

We have maintained our exposure to pulp and paper at 14% by adding to our positions at lower prices. As the Japanese domestic recovery continues to prove illusive, our exposure to this area has continued to dilute from 13% to 10% over the quarter, and total exposure to Japan fell from 21% to 19%. As Jim Simpson has detailed in the Platinum Japan Fund quarterly report (page 23), when looking for reasons for why strong export performance and a strengthening property market has NOT flowed through to domestic consumption growth, a severe contraction in government spending seems to be the culprit. We have marginally increased our exposure to Hong Kong listings (combination of performance and building larger positions in Bank of China and Henderson Land).

COMMENTARY

Pulp, paper (and container board) continue to be one of the few commodity areas where the BRICS insatiable demand is yet to show up in any major improvement in commodity pricing or producer profits. Kerr wrote in detail regarding this investment in the September 2006 Platinum International Fund quarterly report and noted the cyclical economic risk embedded in the position. Unfortunately, this concern has now been realised as the sector underperformed during the recent bout of market volatility (perceived sensitivity to a Western world economic slow-down). In stark contrast, proven China plays such as the metals stocks eg. BHP Billiton, have rebounded to new highs. When a position is not working, it pays to reflect, which sometimes means accepting that the market is right and cutting; other times, one is better served by ignoring the current consensus and remaining committed. In the case of pulp and paper, we have decided on the latter course of action. Given the size of the position and the underperformance, it's worth updating some of the rationale behind the investment.

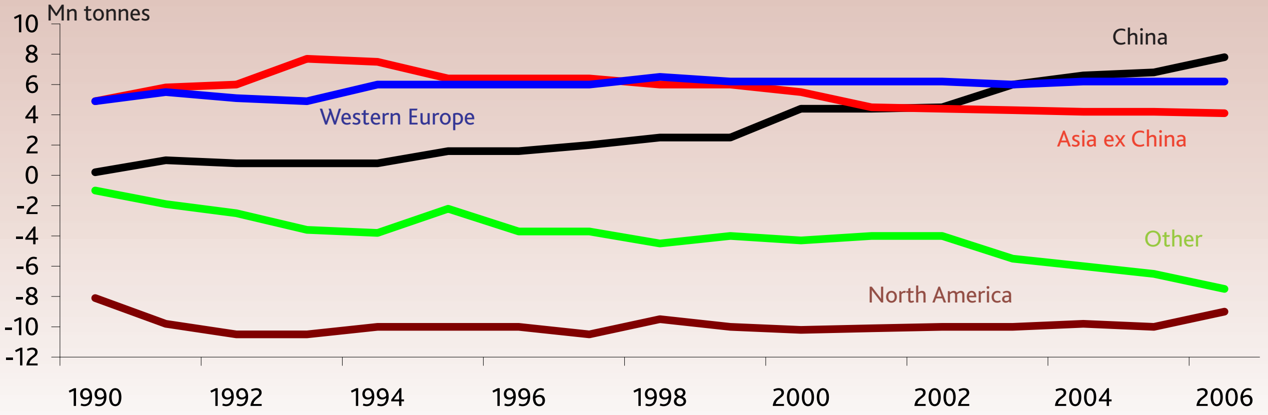
By way of background, over the past ten years global paper and containerboard demand has grown at around 3% pa. The major grades are newsprint, containerboard, tissue and writing/printing papers. The first three grades can all include a large component of recovered paper (recycling) as fibre input, whereas writing and printing papers are dependent on wood pulp (for whiteness, the lignin needs to be removed by a chemical bleaching process). Current annual world paper production of 375 million tonnes consumes approximately 180 million tonnes of wood based pulp, 140 million tonnes of recovered fibre and 55 million tonnes of non-wood pulp/chemical and fillers. Wood pulp capacity has grown over the past ten years at a very low 1.5% pa as increases in recycling recovery rates, largely the collection of old containerboard (OCC) from supermarkets and old newspapers (ONP) from households grew at around 3.5% pa, to support total paper demand growth of 3% pa.

Asia (ex Japan) is now the world's largest paper consuming region, 28% of total (up from 13% in 1990), with North America the next largest at 28% (down from 35% in 1990). Over the last five years, China has accounted for nearly 50% of the growth in world paper and board capacity. Almost all the capacity China has added is recycled fibre-based; China has barely invested in wood pulp capacity as it does not have much of a local forestry industry. Instead, China has transformed itself into the largest global importer of recycled fibre (OCC and ONP) and wood pulp. North America and Europe are the major sources of the recycled fibre, whilst most of China's hardwood pulp requirement is sourced from Indonesia and Latam; softwood pulps are harder to source.

The continued upwards drift of OCC and ONP prices in the West suggests that we are approaching the limits of cost "effective" paper recovery. To put this in context, historically US recycled fibre containerboard plants have had a significant cost advantage over similar wood pulp plants. Most of this advantage was linked to the much lower capital costs, low energy prices and readily available, cheap recycled fibre. This is no longer the case. In fact, in some regions, **wood pulp containerboard can now be produced at lower all in cost than recycled based containerboard**.

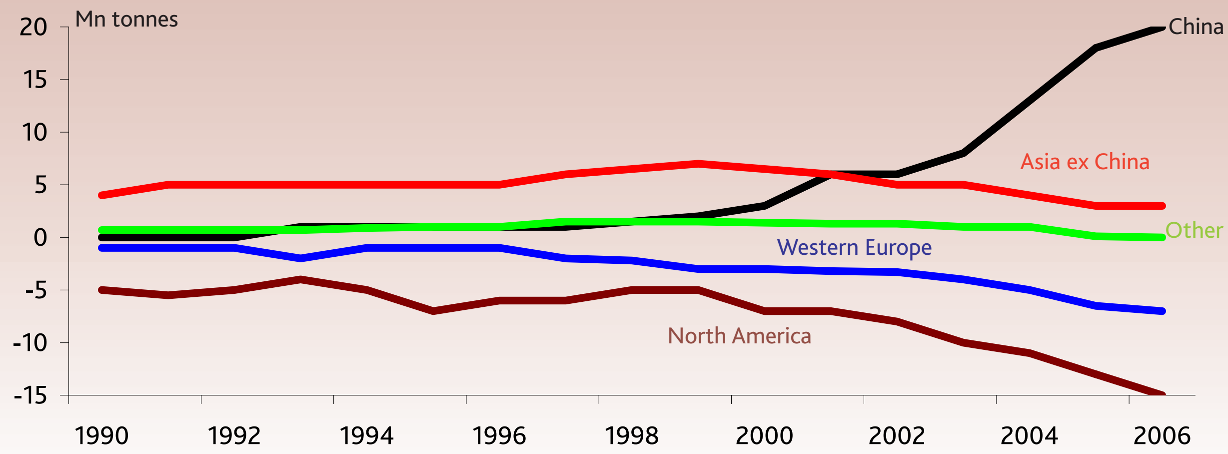
With China now the driving force behind global recycled fibre prices (and increasingly wood pulp prices), we think we are not that far from an inflexion point, where long suffering wood pulp producers start to benefit from **much higher prices**. During the quarter another two major Canadian wood pulp producers moved closer to bankruptcy, struggling to remain viable in the face of a strengthening Canadian dollar. Whilst we wait for the pulp and paper "super cycle" to emerge, our bets remain largely concentrated in well capitalised, low cost producers that should benefit from any capacity reduction. We remain committed to the position and note that it was not that long ago that the global steel industry was also littered with bankruptcies.

Regional Net Trade in Wood Pulp



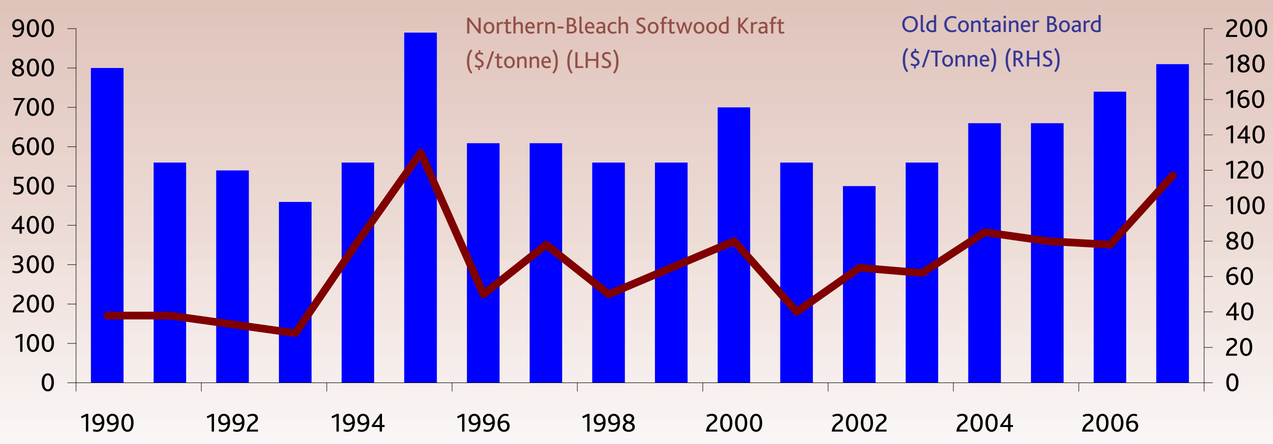
Source: RISI and Merrill Lynch

Regional Net Trade in Recovered Paper



Source: RISI and Merrill Lynch

Price of Wood Pulp and Recovered Paper



Source: RISI and Merrill Lynch

PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 30 September 2007)	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	6%	32%	27%	34%	34%
MSCI AC ASIA EX JAPAN	14%	36%	31%	28%	25%

Source: Platinum and Factset. Refer to Note 1, page 40.

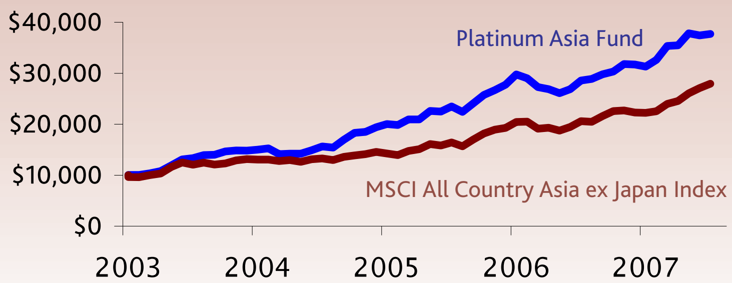
After stumbling mid-quarter in response to various global concerns about fixed interest markets, Asian stocks turned around in an extraordinary fashion in response to global central banks injections of liquidity into banking systems and the US Federal Reserves interest rate cut. Leading the way was the Hong Kong market (up 25%) where due to the Hong Kong Dollar peg to the US dollar, the impact of the liquidity injections and interest rate cut were felt immediately. Within the Hong Kong market it was the China H share companies that experienced the greatest moves (up 42%). Other markets of note were India (up 16%) and Korea (up 12%). The strong Australian dollar reduced returns for Australian investors by 4.3% over the period.

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
CHINA (LISTED EX PRC)	27%	24%
HONG KONG	5%	7%
CHINA (LISTED PRC)	5%	4%
TAIWAN	5%	4%
GREATER CHINA TOTAL	42%	39%
INDIA	13%	14%
KOREA	12%	15%
THAILAND	8%	9%
MALAYSIA	6%	6%
INDONESIA	3%	3%
SINGAPORE	2%	2%
CASH	14%	12%
SHORTS	11%	8%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

The underperformance of the Fund during the quarter can be almost entirely attributed to the cautious positioning of the portfolio through short index positions in China H shares, India, and Korea. Our concerns that disruptions to fixed interest markets and potentially lower US growth (and thus exports for the region) would impact markets negatively were in hindsight clearly misplaced. Additionally, the Funds had only a small exposure to the strong Australian dollar during the quarter. Otherwise, many of the portfolio's holdings performed strongly, led by China Eastern (airline, up over 100%), after Singapore Airlines acquired a stake in the company. Other strong performers included Reliance Energy (Indian power utility, up 96%) Shanghai Forte (PRC property developer, up 40%) and Gome Electrical (appliance retailer, up 27%).

CHANGES TO THE PORTFOLIO

A number of new holdings were introduced to the portfolio during the quarter. Sinopac is a Taiwanese bank that through an acquisition of a competitor with a strong branch network in Taipei, has a good opportunity to develop its wealth management business, and this could well transform the profitability of the company. In addition, it has a strong SME client base whose China operations it has been unable to service. The inevitable, but long awaited, formalisation of cross straits relations with China represents a major opportunity for many of the Taiwanese banks. With an election due next January, a new government would undoubtedly result in an improved relationship between Taiwan and China. Other additions to the portfolio include Bank of China, one of the big four banks in China; Far Eastone, a Taiwanese mobile phone operator; and Lotte Shopping, a major Korean retailer.

Positions in PICC (Chinese Insurer), Baidu (Chinese internet search), Samsung Corp (Korean holding company), and NTPC (Indian power producer) were sold during the quarter, after each of these stocks significantly exceeded our target prices. Having increased the short index positions early in the quarter these were subsequently reduced with all China H share index positions closed. Remaining shorts are on the Indian "Nifty" index and the Korean market.

COMMENTARY

Asian markets, after selling off mid-quarter due to global concerns about losses in mortgages and tightening of liquidity in interbank money markets, rebounded impressively with major regional markets taking out new highs. The rapid recovery of the markets can perhaps be best explained by the significant injections of funds into money markets by the world's central banks finding their way into the region's equity markets. Although the transmission mechanism by which this occurs is not well understood (at least by this analyst) it would appear to be the case that when there is excess liquidity in money markets, it will ultimately result in inflating asset prices. As always, the inflation will be most felt in those assets that have the strongest "fundamental" story and undoubtedly China today is at the top of this list.

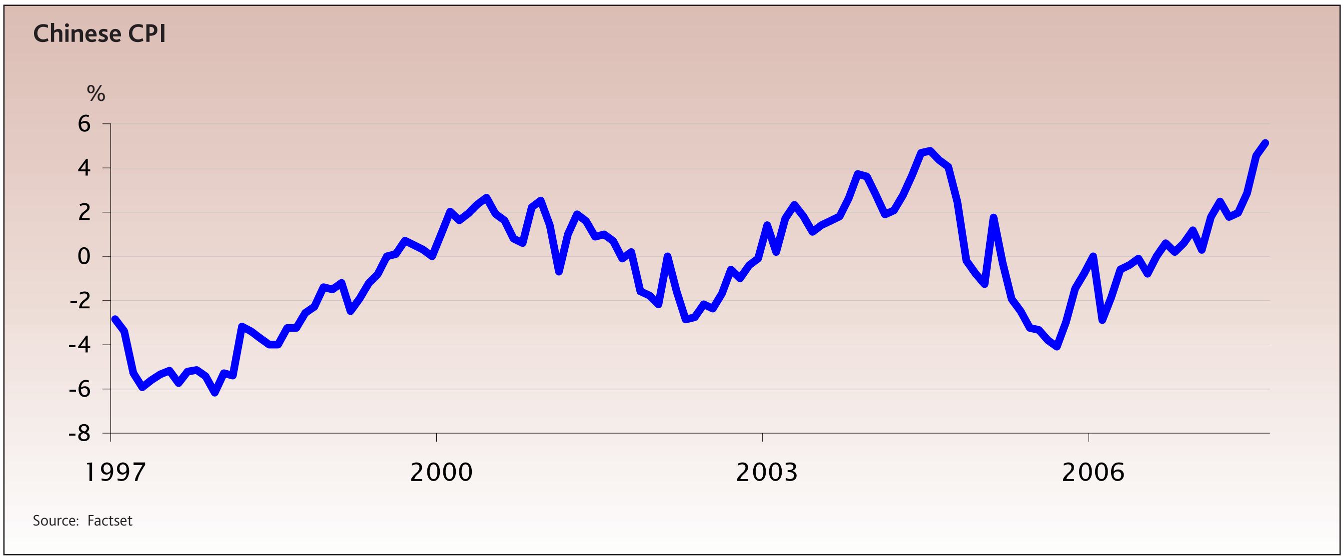
Exacerbating the situation in Hong Kong is the exchange rate mechanism which pegs the Hong Kong dollar to the US dollar and thus monetary conditions in US dollar markets are for the main part directly transferred to Hong Kong dollar markets. The easy money conditions that have been created by the central banks were further enhanced by the interest rate cut made by the US Federal Reserve in mid-September, which again immediately impacts Hong Kong rates. These global developments have come at a time when Chinese authorities, in an attempt to dampen inflationary pressures in their own markets, have been providing new means for Chinese domestic investors to invest in the Hong Kong market.

In addition to the QDII (qualifying domestic institutional investor) program that was discussed in the June quarterly report, a further program was announced that will allow individual investors to directly invest in Hong Kong listed stocks. Although this created much discussion, the reality of the QDII program became much more apparent during the quarter when the first two QDII mutual funds were launched by local fund managers, raising US$6.5 billion and US$8 billion respectively. In each case the funds were raised on the day of opening. Although the amount of funds that can be invested in Hong Kong will be limited by quota (the amount of which is yet unknown), the experience of the initial fund raisings show no lack of appetite for offshore assets by Chinese investors. To further add to the excitement, the end of September saw the launch of the Chinese Investment Corp, a government entity that will invest initially up to US$200 billion of China's foreign exchange reserves in offshore markets.

So how does this wave of liquidity play out for regional markets? A similar situation occurred in late 1999 as the central banks added liquidity to the money markets ahead of "Y2K" in preparation for any problems that might occur if computer systems couldn't handle dates of the new millennium. This money found its way to the best story of the day which was technology stocks, whose upward move accelerated in the last months of 1999, eventually peaking in April the following year. Eventually a series of interest rate rises, through the course of 2000, brought the bull market to an end.

For the moment the move to cut interest rates in the US means that this is unlikely to be an immediate problem for the current bull run in Chinese stocks. One possible hurdle the market is likely to face is ongoing tightening of monetary policy in China, which to date has involved interest rate hikes (1.7% increase in lending rate over the last 18 months) and increases in reserve requirements for banks (which attempt to limit their ability to lend). The ability to raise interest rates is now limited further by the cut in US interest rates, unless they wish to allow a faster appreciation of the Chinese yuan. In fact the depreciation of the US dollar is a setback for the PBOC's policy as the yuan, while continuing its slow appreciation against the US dollar, is in fact depreciating against most major currencies, providing a boost to the export sector. Although it is far from clear what measure Chinese authorities might take, while inflation remains a concern (see chart below) one should expect further actions aimed at moderating growth.

Alternatively, signs that the US is entering a recession as a result of the downturn in the housing market could be cause for concern.



However, this may only encourage further easing of monetary policy in the US, potentially creating further impetus to the markets. It is most likely a question of the severity of such a downturn, and although there are some signs of a slower US consumer, it is far from cataclysmic for the moment. Otherwise it is hard to see what will stop the current bull market. Ultimately valuations will be so excessive as to bring a deluge of new issues, but not yet.

While such an environment holds the possibility that the exciting ride of recent weeks continues, it is without doubt a **high risk environment**. This is perhaps best highlighted by examining the performance of one of the leading stocks in the current rally. PICC is the leading general insurer in China having started out as a government monopoly. The Fund acquired a position in the company during mid-2006 at prices between HK$2.50 and $3.00. The company was facing a severe pricing environment as a result of many new entrants into the business and was suffering major losses in market share. At the high-end of our purchase price, the stock was trading at two times book value, which at the time didn't seem a gift, but we thought a reasonable buy as their large market position provided them with a significant operating cost advantage and that in time the severe price competition would recede and market share losses would stabilise. Subsequent to our purchases the stock price took off, but not for the reasons that we had anticipated, as the underwriting side of the business has continued to deteriorate. What had changed though were the returns on the company's investment portfolio due to China's rampant stock market. The Fund sold the last of its stock in PICC at just under HK$9 in July this year. Today the stock trades just below $16, a price that values the company at over 40 times this year's earnings and almost seven times book value, an enthusiastic level for an insurer that continues to face serious price pressures and ongoing loss of market share. But if the Chinese stock market continues its rise, PICC's earnings should follow!

So how do we manage the portfolio in these circumstances? Stocks that move well beyond reasonable valuations will be sold and to the extent that stocks trading at reasonable value can be identified, these will be acquired and held. The explosive nature of the moves in markets, however, mean that managing for downside risk becomes difficult and rather than taking short positions in index futures to achieve this, it is more likely that cash positions will be built-up gradually if the rally continues as it has. It is quite likely that the performance of the Fund will lag the index in these circumstances, but the ultimate goal is to capture permanently the returns this developing "bubble" may have to offer.

PLATINUM EUROPEAN FUND

Toby Harrop
Portfolio Manager

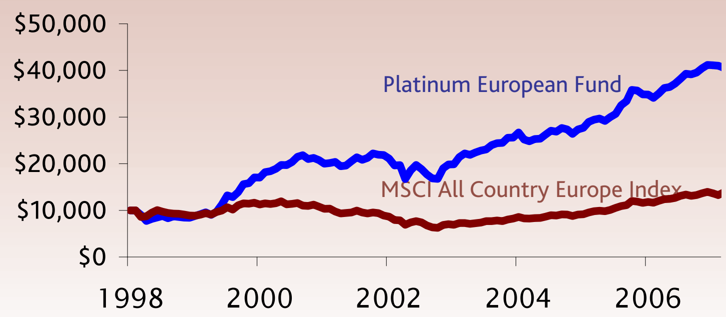
PERFORMANCE

The Fund's performance for the 12 months to September 2007 was more or less in line with the MSCI benchmark at +7% and +8% respectively. For the quarter, it was poor at -5% (versus MSCI Europe -2% in A$). Specifically, we had 15% invested in ten small-mid sized stocks, each of which declined 20-30% in the quarter. The short positions, which helped greatly in July/August, served the Fund poorly in the second half of the stanza, and overall cost some money.

Markets have behaved surprisingly, as usual, in the past few months – with a more gentle sell-off, followed by a much stronger recovery than we expected. Not that the general economic picture – ignoring the debt elephant in the room – is so bad, just that the credit seizure may have revealed the risks posed by unprecedented consumer debt. We are more concerned over the sustainability of US/UK/Spain/Australia etc debt-based economic growth, than we are with the credit-fuelled M&A activity in markets.

Much discussion has been devoted to the so-called "credit crunch", and we have little to add, other than to observe that delaying judgement day merely adds to the problems borrowers will eventually have to face. However, that is for the future, and although stock market volumes are currently low in Europe (and the US) – in stark contrast to the euphoric activity in emerging markets – the recent recovery of the pesky small stocks (including those referred to above) suggests a general broadening of investor confidence. As we are unable to ignore the threats posed by the economic balancing act between debtors and creditors (both individuals and countries), we expect to continue running a cautious overall stance, while striving to find a few neglected gems.

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

COMMENTARY

Profitability – or the lack of it

As many are aware, the actual ***rating*** of markets – as measured by the price/earnings ratio – is not really higher than historical averages at around 16 times. (Awkwardly, this average comprises a lot of banks and oil companies at 8-12 times earnings, and a lot of the more interesting businesses at 20+ times). Even so, the average rating is not alarming. The excess is in the earnings themselves, with profit shares (relative to GNP) and corporate profitability (returns on invested capital) tending to be near or above historic highs around the world.

Big picture analysis of this phenomenon might include an observation that globalisation has pressured labour's share of the cake, with the threat or fact of relocation reducing unit labour costs. Alternatively, a segment analysis would note that resource companies are enjoying high commodity prices (China, India etc), that banks have taken more balance sheet (and contingent!) risk than ever, and that consumer companies sell to carelessly funded, ever greedier hordes. Our focus is on individual companies, and anomalously low (or high) profits can indicate interesting opportunities.

As the table indicates, the stock market rates BMW as less valuable (relative to sales) than Volkswagen and FIAT (not to mention Mercedes, Toyota and of course Porsche!), and we have recently invested 3% of the Fund in BMW in anticipation of an earnings recovery. In late September, management announced plans to address BMW's surprisingly modest profitability. The targeted savings of Eu4-6 billion seem large compared to current profits in the automotive business of under Eu3.5 billion. However, with around Eu35 billion of purchasing volumes, and surveys showing BMW holding the dubious honour of being the suppliers' favourite, the targeted savings should be seen in that context. Also, Mercedes-Benz recently confirmed that they had cut Eu7 billion of costs – mostly in purchasing – in the last 3-4 years! It is worth noting that BMW's planned cost savings do not envisage employment cuts: the company plans to improve productivity steadily by continuing volume growth *without* net additions to production staff.

Indeed, in recent years, BMW has had great success with volume growth (unit sales have tripled since the early 1990s to be 1.4 million cars this year), and sales have grown from around Eu33 billion in 2001 to Eu53 billion this year; but this has coincided with falling profitability (EBIT/sales has come from over 8% in 2001 to under 6% at times this year). This is partly

Selected car company financial metrics (2007 est)

	SALES Eu bn	EBIT* Eu bn	EBIT/SALES %	EV**/SALES %	MARKET CAP Eu bn
BMW	53	3.2	6	39	30
Daimler***	90	7.8	9	65	77
Porsche	7	2.2	31	153	28
Volkswagen	102	5.3	5	42	57
FIAT	57	2.8	5	48	27
Toyota	147	15.0	10	85	149

* "Earnings before interest and tax" ie. operating profits for the industrial (non-finance) business
** Enterprise value ie. market capitalisation adjusted for cash/debt and financing businesses
*** Mostly Mercedes-Benz now that the Chrysler business has been largely sold

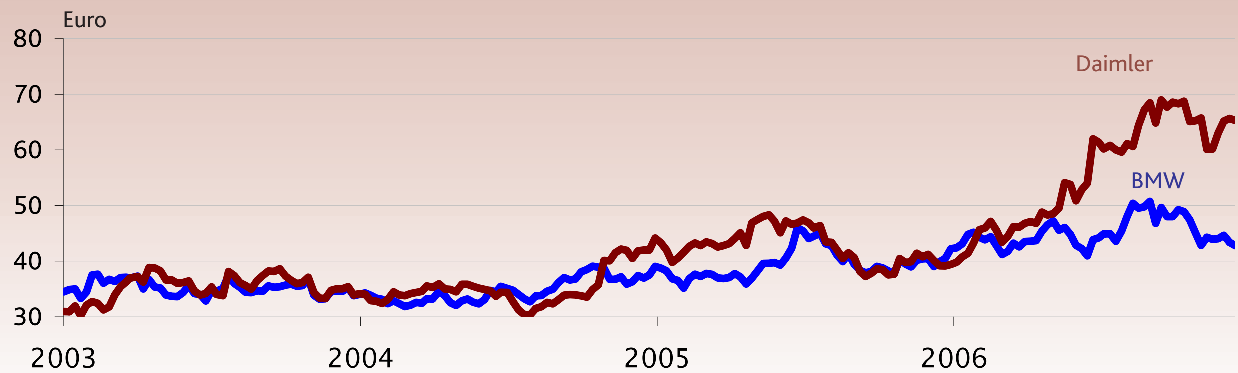
Source: Bloomberg, JPMorgan and other stockbroker estimates explained by BMW's great selling success in the US, with its euro cost base hurting profits (the US dollar has been weakening versus euro for most of this decade). However, in addition, BMW is outspending its competitors in both R&D and capital expenditures to ensure steady product innovations: these efforts should allow BMW to hold its price points in the coming years. In an era of increasing regulatory and customer focus on the environmental aspect of cars, BMW seems well ahead of its German peers. Five innovations which will appear in Mini and 1/3/5 Series models over the next 12-24 months are: i. electric power steering (replacing the "always on" hydraulic system), ii. electric water pump, iii. start-stop function (car turns itself off at the lights or sitting in traffic, and starts instantly at the touch of the accelerator), iv. brake energy recovery (ie. a micro "hybrid" system), and v. variable air intake on the water cooler. These together should reduce fuel consumption and CO_2 emissions by **12-20%**!

Today it still seems easier to charge customers for an extra 20hp than for the sort of innovations listed above – and indeed a key competitor to the BMW 3 series has released a more powerful offering of its historically underpowered vehicle, without BMW-style "environmental" innovations. But surely the groundswell is coming – Prius sales are one indicator – and barbecue discussions will soon include cars' efficiency/emission levels as well as their engine size. When large engine car companies are forced to defend their profligacy, BMW will have already positioned itself as the "powerful but efficient" car company. The banner label they are using is "Efficient Dynamics" (this was everywhere at the Frankfurt Motor Show), and that slogan actually stands for considerable past expenditure to position the product (and brand) ahead of time. And in case we get lost in the engineering pleasures of these autos, let's remember that above all these expensive German cars are great consumer brands, and they are not earning anything like a "great brand" return – especially in BMW's case.

Risks to the case probably centre around further weakness in the US dollar; BMW is increasing US production (and sourcing where possible) to create a "natural" hedge for the business. Additionally, we are concerned about a weaker US consumer – indeed that (and the currency) prompted our re-initiation of a short position in Porsche during the quarter – this worked for a while but in recent weeks Porsche shares have leapt higher.

At the margin, we have been wrong-footed by the market of late. However, the Fund's investments hold considerable promise, as well as the (medium- term) virtue of being outside the very hot (mining, steel etc) areas of the moment. The currency position has changed little in recent months with around 29% of the Fund held in, or hedged into, the A$.

BMW versus Daimler Stock Price (October 2003-2007)



Source: Bloomberg

THE PLATINUM INVESTMENT PROCESS

A blueprint of Platinum's Investment Process is overleaf.

An animated version of the investment process can be viewed on Platinum's website at the following link:

http://www.platinum.com.au/invest_diagram.htm

SUBJECT

The Platinum Investment Process

URL

www.platinum.com.au

SCALE

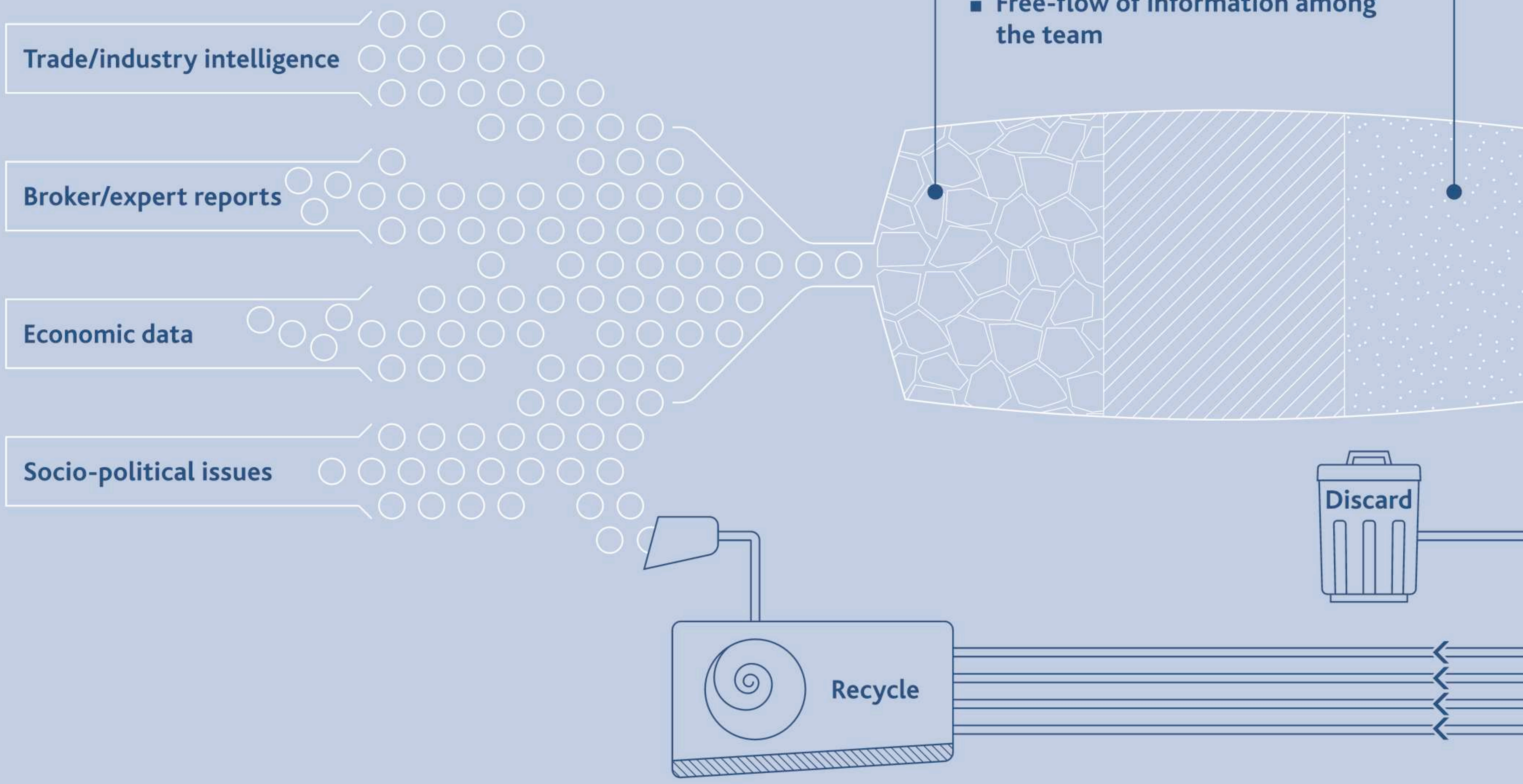
Human

Platinum® ASSET MANAGEMENT

01 Deluge of information

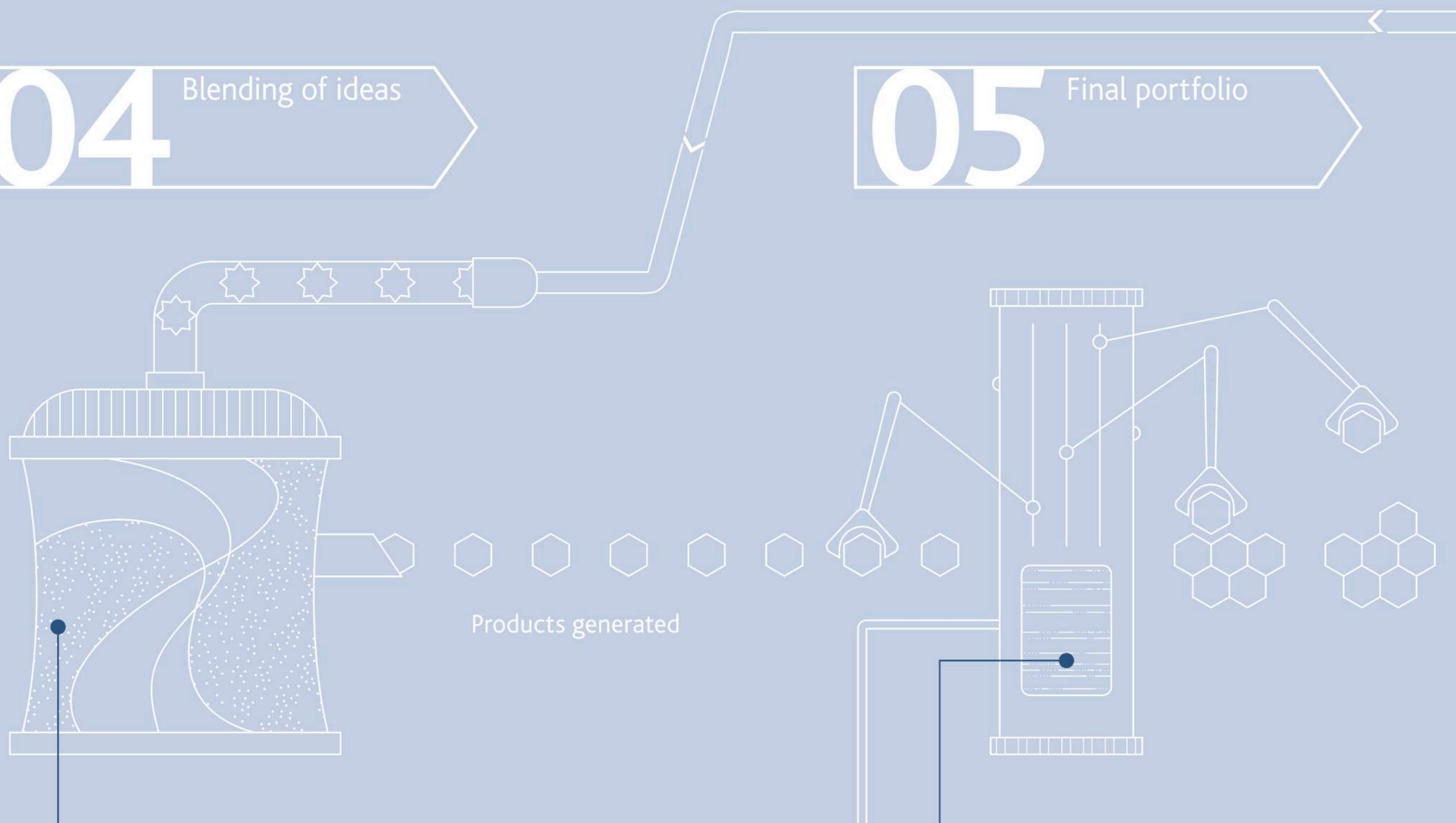
02 Selecting, ordering and distilling

- Searching for neglect
- Screening databank of several thousand companies
- Generation of themes and ideas
- Free-flow of information among the team



04 Blending of ideas

05 Final portfolio



- Merits of new ideas weighed against existing holdings
- Evaluation of exposure to each major theme or company characteristic
- Commence buying/selling programme

- Create a matrix of risks specific to company, industry, country, politics and currency
- Judgement required to balance these against expected returns


03
Proposing of idea
Analyst submits a detailed report
Idea subjected to rigorous scrutiny by the investment team
Emphasis on exposing potential flaws rather than on reaching a consensus
Drawing up short-lists for more intense study
Company visits/ in-depth interrogation
Ideas generated
Final decision rests with the promoter of the idea and each Fund Manager
06
Re-balancing of portfolio
Non-performing
Discard
Target
Portfolios generated
Performing
Sell stocks that achieve target valuation or deviate from roadmap
Add to positions where unwarranted price declines or changing circumstances justify greater exposure
Manage hedging of market and currency risks

PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

The Fund experienced another period of above average volatility and relatively poor returns as investors continued to move funds away from the Japanese market. Currency movements had a relatively minor influence on returns this quarter and it was more the poor underlying performance of Japanese stocks that showed through, especially in comparison to other markets. This is particularly discouraging when one considers that Japan had not participated in the global bull market for the past two years! Frustratingly, despite a strengthening of the yen against the US dollar, the prime sectors which bore the brunt of the selling were domestics, principally financial and property related. In summary, it was a very testing period for Japanese equity funds.

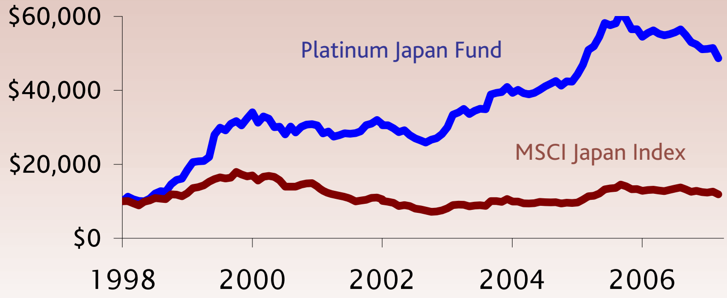
For the quarter, the Fund returned -4.7% in $A against an MSCI Japan index return of -5.0%. For the past 12 months the Fund lost 13.5%, trailing the MSCI Japan index by about 4%. Toward the end of the quarter there were promising signs that life was returning to Japan as re-emerging risk appetite globally filtered through. However, at present there is nothing to indicate that this confirms a major reversal in attitudes to Japan.

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
JAPAN	97%	96%
CASH	3%	4%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

CHANGES TO THE PORTFOLIO

The portfolio has been undergoing a tightening of holdings around core themes and a modest rebalance away from domestics towards internationally-oriented industrial and technology companies. Essentially few new stocks have been added but some positions have been removed in favour of larger holdings in existing stocks. We have reduced our regional banks position as the likelihood of aggressive rate increases recedes. Our top holdings generally retain the character of mild growth, defensive names. Ajinomoto has moved toward the top of our holdings list because of the positive correlation between rising grain prices and its earnings although we acknowledge the short-term impact of higher prices on its domestic food business.

Major stocks bought – Ajinomoto (food and animal feeds), Inpex (oil and gas), Kandenko (contractor), Mitsubishi Rayon (chemicals)

Major stocks sold – Chiba Bank, Marubeni, JR East, Oji Paper

COMMENTARY

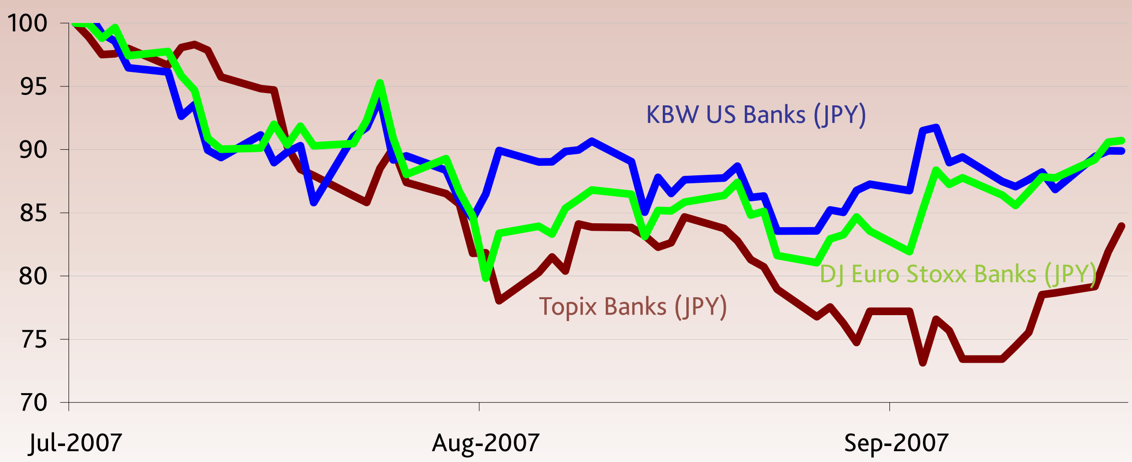
A value stock without an obvious catalyst?

We have commented many times in recent quarterlies on the reasons for underperformance in Japan. Suffice to say that until confidence returns to the domestic economy it is likely to continue. On this point there are negatives almost too numerous to mention that would seem to deny any chance of it ever returning! Surely the appointment of the ageing 71 year old Fukuda as the new head of the LDP, in an attempt to stabilise things, is just another nail in the coffin? Value is clearly present in Japan but the factors that will unleash this value are not. Or perhaps we would better say the factors are identifiable (low rates, rising stock buybacks and dividends etc) but no-one really believes in them anymore. This is precisely the nature of opportunity in investment markets which some might simply translate as "it's always darkest before the dawn". It helps one avoid the trap of simple trend following behaviour, the likes of which we are seeing now with the headlong stampede by Asian-based funds chasing past returns. **Who can say that the promising signs of a spreading of the appreciation of land prices in Japan from the cities to residential and rural areas will not have surprising consequences in a year's time?** Nevertheless we will return to our "box" and leave you with a thought on Korea. Korea has always been a "cheap" market but has experienced a recent re-rating driven primarily by local investors. This, despite the fact that there is little in the way of very positive factors going on domestically. Investment is highly fashion dependent, and fashions do change.

Policy Drag?

Amidst all of the gnashing of teeth amongst investors about Japan, what has **gone relatively unnoticed is the severe policy tightening, both fiscal and monetary over the past two years. It is entirely possible that this is the real reason for the Japanese stock market underperformance rather than the myriad of other excuses offered.** The first chart on page 3, details an approximately 6% contraction in the government borrowing requirement (fiscal deficit) over the past two years. Additionally, and not shown on the graph, the Bank of Japan (BOJ) has removed excess monetary reserves of gargantuan proportions from the system and embarked on raising interest rates, albeit small ones at this stage. **Despite this policy tightening which is without precedent for a large country, the economy has managed to grow at a decent pace on the back of exports.** Whilst it was necessary to reduce the Government's stimulation to the economy as the system had overcome the great deflationary period, clearly further 'destimulation' is not in the offing. In this event we may find ourselves looking back on the 2006-07 as merely a period of consolidation before stronger domestic growth re-emerges in 2008. The bears will describe this as wishful thinking but if we cast our minds back to the US recession of the early nineties there was a similar pattern to that recovery.

Comparing banks' performance from the recent market top



Source:: Bloomberg

The ultimate insult – Japanese banks under perform global peers on sub-prime problems!

It is a shocking reality that Japanese banks have underperformed their Western peers since recent market peaks, by at one stage a factor of two times. This is despite having lower sub-prime exposure and being an ocean away in a country which in recent times has experienced relatively safe lending activities. Perhaps it's merely symptomatic of investors' current aversion to Japan and that the banks are seen as most sensitive to economic conditions. Going a little deeper perhaps we could argue that the stock prices of the banks in Japan were anticipating a benefit from higher interest rates which is less likely to come now. Yet the bottom line is that the treatment handed out to the banks seems out of line with the facts. Perhaps we can extrapolate this to Japan as a whole.

OUTLOOK

Having taken a battering in Japan, we sense that we could be through the worst. Bearishness is almost universal which cannot be said for many assets in today's world, save sub-prime debt, and we are confident Japanese equities are much more soundly based than those assets!! Valuations when adjusted for balance sheets, are at low levels versus most other countries and the world is growing with the benefit of Japanese goods. We will continue to invest in undervalued companies especially those that play into our global industry themes.

PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

Short positions against the French CAC Index and the Fund's yen holding provided some degree of stability for the Fund during a rather volatile quarter. These positions ultimately detracted from the performance of the Fund. August saw the market temporarily reassess the risks inherent in the currency and fixed interest markets and accordingly temper their enthusiastic pursuit of higher returns. At the time it was possible to imagine that a more cautious period would ensue, at least for a few months. The action of the market since mid-August suggests that the pursuit of growth and higher returns is nonetheless irresistible and that trends such as selling yen and buying Australian dollars continue to be too attractive to leave. That is until the next unanticipated event reintroduces the idea of potential losses.

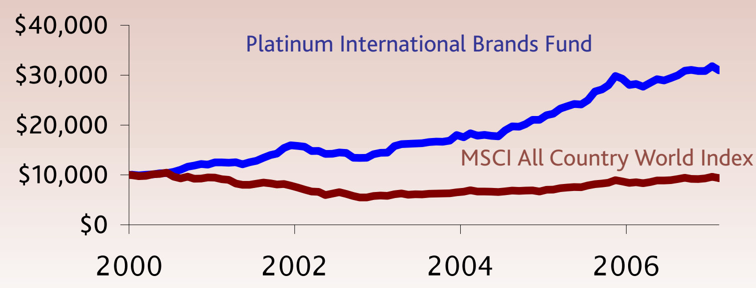
During the quarter the Australian dollar/yen exchange rate dropped from yen 105 to yen 90 or nearly 15% before returning to the higher level. Therein is the quandary of determining the Fund's exposure to the yen, arguably one of the most under-owned assets currently available; a cost to the performance of the Fund whilst providing significant protection especially when the seemingly riskless "carry trade" is brought into question.

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
EUROPE	39%	35%
ASIA (INCL KOREA)	23%	28%
JAPAN	21%	24%
NORTH AMERICA	7%	7%
SOUTH AMERICA	2%	0%
CASH	8%	6%
SHORTS	6%	6%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

The Fund lost 3% of its value in the quarter, compared with the MSCI World Index which fell only 0.8%. For the twelve months the Fund has also underperformed the index although it maintained a respectable out-performance over the longer periods of three or more years. The loss in the quarter was disappointing with a number of contributing factors. As already noted, the markets bounced back rather more quickly than expected, as such the gains achieved in being invested in the yen were not secured. Behind this yen position is an investment in Japanese companies, some of which have proven to be extremely disappointing, notably in the domestic focused businesses such as retailers. These are under review; whilst the valuation might be attractive, the determination of the management to adapt quickly for the benefit of shareholders remains an open question.

The Fund maintains an exposure to emerging markets and the strong trends of increased wealth and increasing consumption. There are various aspects to the increasing consumption to which the Fund is exposed, ranging from the adoption of functional grocery items such as toothpaste through to the behaviour associated with acquiring premium brands to enjoy and display newly created wealth. The extent of the Fund's exposure to emerging markets is not always readily apparent from the Fund's country weightings. Many of the European holdings have meaningful businesses outside of Europe, for example the brewer SABMiller, listed in London, has 80% of operating profits sourced from emerging markets.

Notable performances include the Fund's Indian investments, particularly United Spirits, which has continued to contribute strongly to the Fund's performance, up three fold in the last year. The Fund's other Indian investments, whilst not quite as spectacular, continue to benefit from the ongoing strength in the Indian economy.

COMMENTARY

When assessing the investment merits of companies for the Brands Fund, a key consideration is the inherent strength of the company's brands and how they have been managed through time, often with successive management teams. We are most attracted to cases where the brand is strong and has been managed over years rather than quarters and where the share price is languishing for transitory reasons such as the predilections of the equity market, or perhaps a self inflicted period of adjustment within the company, for example, disruptions associated with building new factories or distribution networks.

It can take time for these transitory factors to resolve, sometimes requiring a degree of patience and almost certainly extending beyond the rather short-term and arbitrary quarterly measurement. Unfortunately with the advent of superior data systems, but not necessarily superior information systems, there is a tendency on the part of management to be overly focused on the quarterly measurements, be that financial or operational. Although quarterly measurement and scrutiny can instil a sense of urgency, something we lament lacking in some of our Japanese investments, there is quite often the unfortunate misallocation of resources in the pursuit of short-term targets.

A strong brand, having temporarily deviated from the long-term plan to pursue a short-term objective, can often provide an interesting investment opportunity if only we can see beyond the focus on near-term metrics. We believe that such an opportunity exists with Bayerische Motoren Werke G.m.b.H., otherwise known as the BMW Group.

In recent years management has been addressing two key concerns as they position the group for the future. Their foremost concern was one of scale, addressing the conventional wisdom of the industry that scale leads to cost competitiveness. Henry Ford had a thing or two to do with creating the "group think" on that, although it's a little hard to hold him accountable for the more modern but futile attempts to capture efficiency through acquired scale; BMW with their failed attempt with Rover, and Daimler with Chrysler.

More recently BMW has achieved a broadening of its range to include smaller vehicles such as the Mini and the Series 1. There has also been no doubt that the group has been intent on increasing market share, particularly in the US, and in many respects has been tremendously successful. The rather unfortunate outcome of both of these successes, the broadening of the range and successful pursuit of volume, has been the cost to profitability.

Average selling price per vehicle has actually dropped for the Group over the past six years despite an overall growth in sales from Eu29 billion in 2000 to over Eu50 billion this year. The added cost of discounting in the pursuit of volume based fleet sales has also impacted profitability. In 2000, the highly profitable 3 and 5 series accounted for nearly 90% of the business, now they are closer to being only half of the revenue with lower levels of profitability being achieved from the smaller vehicles introduced to the range.

The second pursuit of management has been in meeting consumer demands (perceived, legislated or otherwise) through significant expenditure in R&D and capex. Again this can be counted as a huge success as, for instance, a review of the reductions in carbon emissions achieved and under way are impressive. The BMW brand cannot stray too far from its luxury performance heritage so must find ways to meet emission standards without compromising the brand. Likewise the group invested heavily in meeting the needs of consumers by allowing for a high degree of customisation and at times quite late in the manufacturing process. The expenditure has been significant, E6 billion last year or 12% of sales and the impact on profitability noticeable. To express it another way, the amount spent on R&D and capex last year was 1.5x the operating profit achieved and it has been at levels close to this for several years!

The consequences of pursuing the 'growth strategy' of the past few years has been a decline in profitability to the point of being unacceptable by any sensible comparison, especially for a premium brand. Clearly the Quandt family shareholders felt the same way which led to a change in CEO and a redeployment of other senior management including the CFO. Most noteworthy has been the restructuring of procurement into a new division with a new head appointed. It would not seem to be a logical or sustainable proposition that the returns from owning the BMW brand are lower than those of the parts' suppliers. The relationship looks set to become a lot less cosy for the suppliers with some E4-6 billion in prospective savings. It is also our experience that gains from procurement can at times be achieved rather more quickly than expected, particularly when given such a high profile.

There is little debate that there are abundant opportunities for BMW to sell its vehicles, be that from a low market share position in the US or as a premium product into emerging markets. The opportunity for investors is that management are in the enviable position of having a strong brand and robust sales whilst they attend to some housekeeping on the costs. A healthy balance sheet also provides a degree of flexibility. By contrast there are many that find themselves in the unenviable position of needing to redefine their objectives whilst contending with lack-lustre or even dire sales prospects.

OUTLOOK

The growth in consumerism in the emerging markets is a widely discussed investment theme, perhaps lower in comparison to the apparent opportunities of owning resource companies, but still attractive in many respects. The valuations have risen accordingly and although there is a strong and enduring trend for rising consumerism, the risks of owning some of these stocks are considerably higher after they have risen by multiples. In the Western world there are some signs of a slowdown in spending, something we have been concerned about over the years with the high levels of debt driven by the abundant availability of credit. Recent actions by the central banks to increase the liquidity in the financial system seem to have been taken as a signal by the equity markets to continue to accept a lower risk premium (that is to pay a higher price) for the growth on offer. Such a situation deserves a reasonably circumspect approach to seeking new investments.

The Fund remains invested in the emerging markets and will continue to look for new ideas either directly in those markets or in companies that serve those consumers from a Western home. It has not proven particularly advantageous to focus unduly on the laggards of the markets, in many cases the reasons behind outcomes such as loss of market share are enduring in the face of invigorated competition. A focus on larger quality companies with a compelling consumer proposition is proving more interesting, especially where a degree of boredom has set in with the well-known companies.

The Fund will continue to take a longer-term perspective and attempt to balance the risks associated with participating in the tremendous growth on offer in the emerging markets. The currency position is predominantly determined by the underlying stock investments overlaid with an increased weight in the Australian dollar.

PLATINUM INTERNATIONAL HEALTH CARE FUND

Bianca Elzinger
Portfolio Manager

PERFORMANCE

RNA interference (RNAi) and other tools used in molecular biology as well as clinical development (human testing) gained traction in labs and this was reflected in the performance of the associated shares. Further, companies that have recently started to sell new diagnostic tests are now seeing the benefits in their financial performance.

The Platinum International Health Care Fund advanced 2.8%, while the MSCI Health Care Index declined 2.6%.

A number of our small holdings saw their products delayed by the regulators but we believe it is only a matter of time before the rewards are forthcoming. We have seen many times that these investments pay off in the long-term. Incyte, one of our holdings, is an example of delayed gratification. Last year a late stage drug was terminated, this quarter the company reported positive results for several new drugs with the next step being a partnering deal (the stock almost doubled over 12 months).

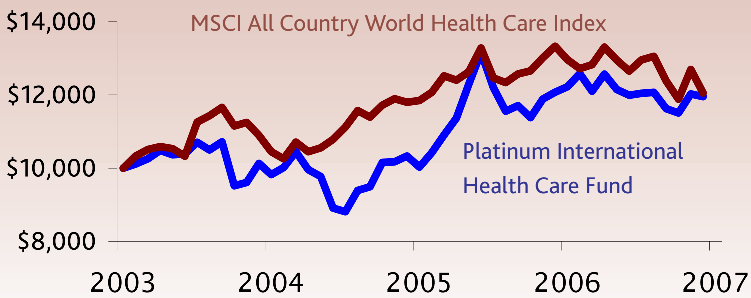
The activity in the drug development laboratories of small or big companies continues unabated and R&D spending has not faltered; something that is evident in the strong performance of our R&D tool providers, Invitrogen and Caliper. Both companies sell products or offer services that make the experiments in the labs possible.

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
NORTH AMERICA	54%	55%
EUROPE	23%	25%
JAPAN	6%	4%
ASIA (INCL KOREA)	3%	3%
SOUTH AMERICA	1%	2%
CASH	13%	11%
SHORTS	1%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

The interest by pharma in new drug technologies, such as antibodies and RNAi also remains high. Alnylam, one of our longer standing RNAi holdings, continues to add new partners and has now accumulated a very impressive cash balance. Similarly, antibody-maker Xoma had a good quarter and added Pfizer to its list of licensing partners.

In their efforts to expedite clinical development of new therapeutics, pharma is increasingly looking towards Clinical Research Organisations (CROs) to assist in running clinical trials and managing data. Icon, one of our CRO holdings, has excelled at keeping to time schedules and on account of its global presence it has enjoyed superior pricing power.

CHANGES TO THE PORTFOLIO

Announcements of alliances in biotech can have a significant effect on a company's valuation. Alnylam is a good example, the share price doubling in the past three months alone as the company entered a broad partnership with Roche. As this lifted the portfolio's weighting disproportionately, we trimmed the position and added another emerging RNAi player.

Easy access to capital markets and finding supporters who are willing to take risk has become more restrictive and thus we exited or reduced our exposure to companies that have weak financing prospects on a three year view. At the same time, we increased our exposure to companies that have strongly growing products and are financially independent. In line with this thinking, we started to add UCB, a Belgian–based biotech to the portfolio.

UCB used to be a chemical-pharma hybrid but is step-by-step emerging as a pure biotech. The company has a solid position in the treatment of epilepsy and has a strong late stage pipeline in this area as well as drugs to treat autoimmune disease. Earlier this year the company had a product approval delay and investors became cautious on the speed of the transformation from chemical to pure biotech. However, we see a lot of value in the company's neurology expertise and the pipeline, particularly when one takes a long-term view.

COMMENTARY

In managing the portfolio we have a wide range of opportunities. On the one hand, we have traditional style big pharma, with solid balance sheets and steady income and on the other, there are companies that face challenges but perhaps greater opportunities. This quarterly hopefully provides insight into the different themes we feel strongly about.

Big pharma and one generic company represent a big part of the Fund (over 20%). A trend among them is the revamping of their R&D engines and pipelines and some are diversifying their product offering.

The past couple of years have seen a renewal in commitment to R&D on the understanding that longer-term prosperity for product differentiation lies in the labs rather than on the backs of an army of sales reps. Johnson and Johnson as well as Novartis have put together pipelines that have probably never been so full. Both companies have also invested in other health care products; JNJ has a strong history of diversification, while Novartis has more recently added generic products, vaccines and diagnostics to its offering. Over the coming year their strong R&D efforts should become visible. For JNJ the past few weeks have already provided a glimpse of the profile of some new drugs, while Novartis received approval for a number of new products.

Diagnostic along with Life Science Tool companies make up almost 25% of the portfolio. The majority of our holdings are profitable or about to reach profitability and as such are less likely to depend on a single product. There is a diverse set of companies within this segment; some offer specific technology that allows very early and precise diagnosis of cancer, others sell testing instruments or provide a whole array of tools to the discovery scientist.

Companies with technical expertise and equipment to manufacture complex biological molecules, such as antibodies or vaccines are also part of this sub-segment. In our opinion growth of bio-manufacturing will continue as big pharma and generic companies embrace biologics as a therapeutic class.

Biotech is a wide ranging sector and offers a lot of divergent investment opportunities, ranging from big, highly profitable biotechs to small, one drug companies. The Fund holds a mixture of these companies (over 20%; 18 companies) with increasing emphasis on profitable companies. For early stage biotechs we particularly like those that have recently started to sell products, have large pipelines, strong cash positions, preferably a late stage drug opportunity, and most importantly know how to engage big pharma. This quarter, Ariad a long standing holding, has entered an alliance with US pharma Merck. The deal is for Ariad's new cancer drug and could be worth over $1 billion. A significant event for a company that has a capitalisation of ~$330 million.

About 9% of the portfolio is invested in companies that have special knowledge in new drug classes, such as biologics. Pharma and biotech alike see great attraction in biologics, as their failure rates during clinical development (human testing) tend to be lower. These molecules are produced by fermentation and mimic a natural mechanism. The desire to have access, preferably exclusive access, to these new technologies remains strong and will also foster further consolidation in this space.

The remaining part of the portfolio holds a mixture of companies with the majority generating money and expanding their product offering. These include medtech, consumer health and service companies. An example within this segment is Elekta, a Swedish company that makes equipment for minimal invasive radiation therapy which is increasing its global footprint progressively.

OUTLOOK

The US pharma companies will benefit from the weaker US dollar, a nice positive at a time when the old products are slowing and the new additions have not gathered enough speed. With a number of R&D days showing progress at some companies, while others are facing further delays, we are reassessing our big cap holdings.

We will continue to watch the progress of new approvals in the US and EU as the discrepancy between the two is quite unusual. The EU regulator is taking a much more positive view with new drug approvals (eg. Novartis new diabetes drug), while the US is extremely cautious, stalling the same drugs.

Some of our biotech holdings are engaged in partnering discussion and positive outcomes should benefit their balance sheets in the months to come. The appetite for biotech assets remains high and the payments being made for securing access to new early stage drugs are remarkable. Some recent deals for early stage (pre-phase 1) access have payments as high as $1 billion (paid over 6 to 8 years) associated with them. In addition, success will be rewarded with royalty payments.

PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

During the quarter the Fund declined by 4% compared to an increase of 1.8 % in the MSCI World Information Technology Index (in A$ terms). The Fund performance for the last 12 months was -1.5% (versus +4.5% of the benchmark) and for the last five years was +13.4% pa (versus +8.5% of the benchmark).

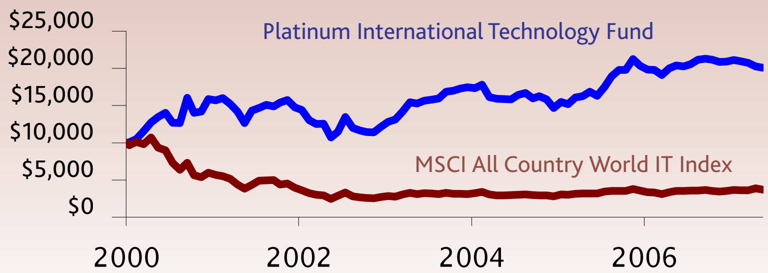
The mid-quarter correction of global equities markets impacted negatively on the Fund's performance and created a lot of volatility in the currency markets. The sub-prime crisis in the US triggered a temporary sell-off in the Australian dollar against the US dollar and the Japanese yen, and the Fund initially benefited from this. However, as soon as the US Federal Reserve announced its surprise 50 basis points rate cut, the "carry trade" game (borrowing in low interest rate currencies to invest in other assets) was on again. The Australian dollar quickly recovered most of its losses and actually ended the quarter stronger against major currencies. During the quarter we increased the Fund's hedging as we believe the interest rate gap between the Australian dollar and US dollar will benefit our local currency in the medium-term. The Fund's assets are now 41% in the Australian dollar, 20% in euros and 10% in Japanese yen.

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
ASIA (INCL KOREA)	29%	33%
NORTH AMERICA	24%	25%
JAPAN	17%	15%
EUROPE	13%	14%
CASH	17%	13%
SHORTS	2%	7%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2007



Source: Platinum and MSCI. Refer to Note 2, page 40.

The Fund's portfolio also suffered from the poor performance of its holdings in Asia and of small caps in general. These were badly treated by the market during the sell-off phase but they recovered only part of their losses in the subsequent period. The Fund's relatively low exposure to large capitalisation US technology stocks also explains part of the under-performance. At a time of uncertainty, as was the case during this quarter, the market is happy to pay a premium for certainty. Hence the performance of the tech-heavy Nasdaq (+3.7% in A$) was largely driven by strong movements of stalwarts like Amazon, Apple, Research in Motion or Juniper Networks, all reporting extremely high growth rates. This despite valuations for these companies being at sky-high levels between 41 and 84 times current year's earning!

The methodology we follow in building our portfolio, regardless of index benchmarks, can lead the Fund to temporary periods of under-performance relative to those indices. While we have probably underestimated the "certainty" factor at times of uncertainty, we still believe in our investment philosophy of avoiding investing in momentum driven stories. We remain confident in the intrinsic value of the Fund's holdings and their ability to deliver growth in the medium-term.

Major purchases: we introduced a position in China Netcom, the second largest fixed-line telecom operator in China. We think that an imminent restructuring of the domestic telecom sector will benefit China Netcom with the acquisition of mobile network assets and 3G licenses. This will change Netcom's growth profile in a country with a lot of potential still for mobile phone growth. We increased our position in Corning, a major beneficiary of the consumer trend towards adoption of Liquid Crystal Display (LCD) TVs.

Major sales: we exited our position in Oracle after reaching our valuation target and the stock price growing more than 50% over the last 18 months. We exited Sharp at a small loss, after revisiting the case for holding the stock. While we liked Sharp's technological expertise in LCD and solar panels, the company seems to have some weakness in addressing consumer electronic markets overseas, which results in having a somewhat "devalued" brand. The outcome is Sharp's lower profitability if compared to major global competitors such as Sony or Samsung. As we judged this issue as one difficult to resolve, we decided to sell given the limited upside.

COMMENTARY

A future view of the Internet: how video will drive Internet Protocol traffic growth

"Youtube already generates traffic equal to the entire Internet load in the year 2000..." Scott Kriens, Juniper CEO, Jan 2007.

Youtube is a video sharing website created in February 2005, where users can upload/download video-clips. The fact that it generates more data traffic than the entire internet network could carry seven years ago, is in itself extraordinary. Increased adoption of high speed Internet connection among the world's population and the trend to spend more time in front of a PC screen surfing the web (as opposed to watching broadcast TV), are major drivers of current Internet traffic growth.

However, Youtube is only the beginning. Based on Cisco Systems' analysis and forecasts[1] reported below, global Internet Protocol (IP) traffic (ie. data traffic carried along the public Internet or the privately owned telecom providers' networks) will nearly double every two years between 2006 and 2011, driven largely by adoption of Internet video by consumers. According to Cisco Systems' estimates, the traffic generated globally by Google and Youtube combined in mid-2007 was around 46 Petabytes[2] (Pb) per month. That is nearly

[1] Refer to Cisco's White Papers "Global IP Traffic Forecast and Methodology, 2006-11" and "The Exabyte Era".

[2] Petabyte is a measure of data capacity. 1 Petabyte (PB) = 1,000 Gigabyte (GB).

twice the total traffic carried on the Internet in the US in the year 2000 (25 Petabytes).

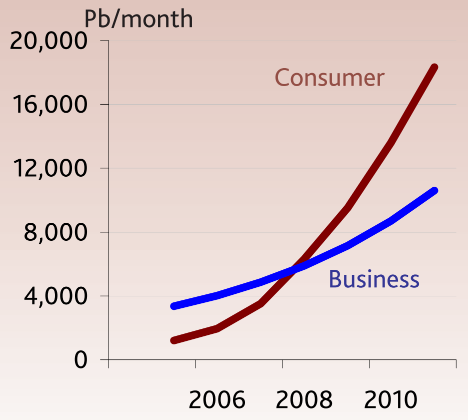
Both the Technology Fund and the International Fund own Cisco in their portfolios. Cisco Systems is the worldwide leader in IT networking hardware for enterprise corporations and telecom operators. It creates hardware and software for transporting and routing data, voice and video within buildings, across cities and around the world. It has grown into a global market leader that holds a number one or two market share in almost every market segment in which it participates. Its position both at the centre and periphery of rapidly growing networks, makes Cisco Systems a primary beneficiary of the trend described above.

Consumer IP traffic will grow much faster through to 2011

Driven by high-definition video and high-speed broadband penetration, consumer IP traffic will bolster the overall IP growth rate so that it sustains a fairly steady growth rate through to 2011, growing at a compound annual growth rate (CAGR) of 37% and nearly quintupling the monthly traffic run rate from 2006 to 2011.

Consumer IP traffic will grow at a CAGR of 57% from 2006 to 2011, compared to 21% for business

Global Internet Protocol Traffic 2005-11



Source: Cisco based on estimates from Kagan, Ovum, Informa, IDC, Gartner, ABI, AMI, SCreendigest, Parks Associates, and Pyramid

IP traffic. Consumer IP traffic will surpass 18 Exabytes[3] per month by 2011.

The single most important factor behind this rapid growth will be IP video. IP Video is video delivered to the consumer using an Internet connection (ie. either a DSL or cable modem) and it may include videos embedded in web pages, downloadable videos (ie. from iTunes), or peer-to-peer (file sharing). In the future it will also include content currently delivered over the air by broadcasters or through cable by PayTv operators.

To understand why IP traffic will grow at such a healthy rate over the next few years, it is useful to have a look at some comparative data:

APPLICATION	TYPICAL FILE SIZE (KB)	RELATIVE SIZE
EMAIL	6	0.02
WEBSITE	260	1
ITUNES SONG	4,000	15
SMALL-SCREEN MUSIC VIDEO	11,250	43
FULL-SCREEN SITCOM	450,000	1,731
FULL SCREEN HD SITCOM	2,250,000	8,654

Source: Bernstein

Simply put, a 20 second movie trailer at full-screen size consumes as much bandwidth as 10,000 e-mail messages! If consumer's adoption of IP video takes off as predicted, there will be plenty of network upgrades and money to be spent on building the infrastructure.

However, this growth will not happen overnight. Cisco believes there will be three waves of Internet video:

1. Internet video as viewed on the PC (2005-2010),

2. Internet delivery of video to the TV set (2010-2015), and

3. Video communication (from 2015).

[3] Exabyte (EB) = 1,000 Petabyte (PB).

We are currently in the first phase, when the majority of IP video is watched on PC screens, either at websites like Youtube or downloaded from peer-to-peer (file-sharing) sites (quite often illegally).

New services are also emerging which can be classified as Internet-TV-to-PC.

A company called **Joost** (www.joost.com) is currently distributing TV shows and other forms of video over the Internet using peer-to-peer technology, and more importantly by licensing the content from the original producers (the likes of CBS, Warner, Endemol, MTV, Paramount etc). While still in beta-testing and free-to-use, the service will soon be funded by advertising. In fact this service, if largely adopted, could potentially become a competitor (or at least a complement) to cable and satellite TV providers.

The second wave of Internet Video to TV will start when new devices able to plug the Internet to the TV set will be commercialised. Some early adopter's versions of these devices have already appeared in the marketplace. Apple TV, Tivo's Series3 Digital Video Recorder and the Microsoft's XBoX 360 game console, all offer some form of Internet connectivity and ability to stream video from the Internet to the TV screen. They are steps towards the "media convergence" which ultimately will blur the distinction between traditional TV broadcasting and the Internet. Once Internet-enabled set-top devices are directly deployed by service providers (telecom or cable operators), delivery of video through the Internet will skyrocket. Considering the ongoing transition to High Definition TV, which requires five times (even allowing for compression) more bandwidth than Standard Definition content, it's easy to understand why Cisco is so optimistic about future IP traffic growth.

Third Wave: Internet Video Communication. Video calling has been predicted as the next big thing several times over past decades but it has so far failed to develop into a mass market application. Quite often the diffusion of consumer technology can be slow, and reaching mass penetration can take from seven years (like the DVD) to 20 years (like the mobile phone) or more. With declining cost of bandwidth and as consumer devices become more affordable (a webcam can cost as little as $50), we already see young users easily integrating video communications in their instant messaging interactions. We are not very far from the day when it will be very easy to switch on the TV with the remote controller and make a video call. And probably for free!

OUTLOOK

In the medium-term technology companies are likely to be less impacted by the unfolding credit crisis compared to other sectors of the economy. However, to the extent that a slowdown in the US housing market has a negative impact on consumers' spending, areas such as consumer electronics, internet advertising and IT capital expenditure may all experience slowdown. There is, however, no sign of it, yet.

Quarterly reporting from US companies starting from mid-October will shed more light on how they are seeing their orders developing for the important Christmas season. We suspect that a protracted weakness in the US property market will take its toll on consumers' appetite for quite some time. Emerging markets' economies should do better and the secular trend of their growing middle classes with their appetite for consumer electronics, media and telecom services should continue its upward trajectory.

We maintain a reasonably diversified portfolio with exposure to Greater China (22%), Europe (13%), Japan (17%) and US (24%).

HIGHLIGHTS FROM A UK MOTORING HOLIDAY

Tell friends that you are having a motoring holiday around the North of England and Scotland and I suspect that you will notice a slight grimace or kindly understanding smile tinged with pity. The "Tattler Set" will know you are a retarded loser and will in all probability change the subject or patronise you with the joys of Tuscany and the back streets of Lucca.

We chose to start from Manchester in order to avoid the maliciousness of Heathrow, piled into a hired car and headed north to the Lake district by way of Blackpool. This was a last minute decision as we thought we may as well check our prejudices. Blackpool is as ghastly as we had imagined. Stuck in a time warp of the late 1950s it brought back memories of an Anglo Saxon childhood of fairs and holidays by the sea but with a tatty underbelly of a travelling country circus. The main attraction is probably a host of roller coasters, some of which looked fantastic fun. A subsequent Google search revealed that the "Pepsi Max Big One" when opened in 1994 was the tallest, fastest and steepest roller coaster in the world[1]. So if you are a RC junkie[2] this is the place but otherwise there may be better things to do.

Cumbria has truly wonderful scenery with its lakes and undulating wooded country. Hardly surprising that it was the home to Wordsworth and Beatrix Potter and her friends Peter Rabbit, Jemima Puddle Duck and others. The lushness confounds as does the delight of century old trees that provide deep canopies as one drives through country lanes. In

places one's reversing skills are challenged as single lane roads necessitate backing up to a suitable passing place to allow on-coming cars or farm vehicles to pass. Lunch is a bit of a lottery. We made our choice according to appearance, the popularity of the car park and the time of day. However, if the food failed, which was rare, there was always the compensation of trying a new beer or ale. As one moves further north, one passes endless miles of dry stone Cumbrian walls and the remnants of Hadrian's audacious attempt to keep the Picts at bay.

Into the Lowlands of Dumfriesshire and Kirkcudbrightshire and up into the Highlands one goes. Along the way there are numerous choices of accommodation. It is wise to use an exchange of one pound equals A$1 and so delude oneself into believing that things are fair value - otherwise your experience of prices in Britain will terrify you. There are strange inconsistencies though. Sometimes prices bear no relationship to quality and contrary to general perceptions about food in the UK, we had some quite outstanding meals without that unctuous attention that is common in superior eateries, and yet prices were in line with Sydney, based on the official exchange rate of A$1 equals 46 pence. With almost no exceptions we had fabulous dinners. For

[1] Pepsi Max Big One: Height 65m, drop 63m, length 1,676m, max speed 119km/h, inversions 0, ride duration 2min/30sec, max vertical angle 65 degrees, max G force 3.5.

[2] A vicarious thrill may be had by experiencing the ride on Youtube at the following address: http://www.youtube.com/watch?v=N1HHQfuVJNg

gourmands there is always the thrilling anticipation that the fast will be broken next day with a proper meal. You know, oatmeal porridge, kippers or the more conventional eggs and bacon, and if you are lucky black pudding or other enduring regional specialities. (Can a writer with these notions about food be trusted you ask? - well, ... variety etc).

The Highlands are remarkable for their austere lonely openness and whose low dark clouds can enclose to settle one's sense of littleness. Evidence of the Gulf Stream is found on the coast where magnificent gardens flourish under the patient care of devoted enthusiasts. As one drives east the vegetation thins and the smooth or sometimes rugged terrain is rendered by contrasting hues, similar to a weathered Abercrombie, Graham or Grant tartan. To the extent one sees trees, their gait reveals the torment inflicted by the prevailing winds. By contrast, the Lochs can have glass-like stillness or as we experienced beside Loch Ness, a powerful yet inexplicable bow wave without a boat in sight—and I am not suggesting more!

We spent some time in the two great Scottish cities of Glasgow and Edinburgh. The former, being one of the principal cities of the Industrial Revolution, with

a population of over one million in the late nineteenth century, reveals its proud heritage with some magnificent architecture, including surviving structures designed by Charles Rennie Machintosh. Edinburgh too has wonderful buildings, with fine examples of Georgian squares and crescents. Regarding itself as the home of the Scottish enlightenment, Edinburgh still harbours that crust of superiority over Glasgow (the place of doers) not unlike the self-appreciation evident between Melbourne and Sydney! From the flat farmlands of Perthshire we trundled on over the Yorkshire moors and down back through the faded textile heartland of the North.

What is fun about motoring is that one can chose one's own agenda and pace. One can stop and chat with locals who invariably are delighted to share a moment or have an audience. There is no force-fed bored monologue that presumes you have never read anything in your life. You can alter plans and chance finding somewhere to sleep. Some days we booked ahead but also relied on the mobile phone to make last minute bookings. We have a preference for older

structures and found some wonderful old houses and castles that have been converted to attract travellers bored with the highly standardised product of a brand coddled world.

Being tuned in to the local radio added colour and context. The big issues of the moment were whether there should be an automatic "opt-in" to giving organs to others on one's death; the tightening of entitlement rules for single mums to encourage them back into the work force once the youngest child reached seven rather than mid-teens as at present; and the work ahead for the new PM. The news bulletins are lamentably dull and short of content on BBC2, and remarkable Terry Wogan is still running the morning show. Remarkable to the extent that he was a relative newcomer in the early 1970s when I first worked in London. If anything he is better than ever displaying that delightfully light Irish touch and incomparable dulcet delivery.

You may have noticed the complete absence of any reference to weather. This is no accident. The best description we could muster was perfect rain with sprinkles of sunshine. It was lovely, but then we have become tired of incessant heat and water restrictions. Talking of which, if you want a good old fashioned bucketing this is the place for you. Shower heads can be 300mm across to ensure the body beautiful is lambasted by a torrent of cascading joy.

We found all we encountered warm and genuinely friendly. In the countryside there is a great sense of time and place with one family member happily planting oaks and elms that he will barely see past their stage as saplings. There is plenty to see and do whether cultural or physical outdoor pursuits. Funds from the national lottery are finding good use in revamping old industrial cities and providing them with ultra-modern interactive museums and other public amenities. For example, the new Glasgow Science Centre would excite any educationalist, and others of all ages, with its remarkably interactive exhibits and workshops.

This is the sort of holiday where you can enjoy time with the family. With care it need not bust the bank. You set your own pace, it can be sophisticated or simple. Revel in a familiar past and yet enjoy the realities of places looking for their passage to a new world; but then again where is this not so?

Kerr Neilson

July 2007

NOTES

1. The investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specific period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), are pre-tax and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

2. The investment returns depicted in the graphs are cumulative on A$10,000 invested in the relevant Fund since inception relative to their Index (in A$) as per below:

Platinum International Fund:
Inception 1 May 1995, MSCI All Country World Net Index

Platinum Unhedged Fund:
Inception 31 January 2005, MSCI All Country World Net Index

Platinum Asia Fund:
Inception 3 March 2003, MSCI All Country Asia ex Japan Net Index

Platinum European Fund:
Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:
Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:
Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:
Inception 18 May 2000, MSCI All Country World Information Technology Index

(nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

The investment returns are calculated using the Fund's unit price. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds).
The Platinum Trust Product Disclosure Statement No. 7 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. You should consider the PDS in deciding whether to acquire, or continue to hold, units in the Funds.

DISCLAIMER: The information in this Quarterly Report is not intended to provide advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Platinum does not guarantee the repayment of capital, the payment of income or the performance of the Funds.

Platinum is a member of the Platinum Group of companies.

Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around $21 billion, with over 20% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders. The emphasis of the organisation is on managing clients' money rather than gathering funds: we have no sales staff and pay no inducements to promoters of our funds.

Since inception, the Platinum International Fund has achieved returns of over twice those of the MSCI All Country World Index* and considerably more than interest rates on cash.

INVESTOR SERVICES NUMBERS

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

(for the price of a local call anywhere in Australia)

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OR VISIT US AT OUR OFFICE

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* Please refer to page 2.

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