Platinum®
ASSET MANAGEMENT

Quarterly Report

31 December 2012

Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

The Platinum Trust quarterly report is available on our website, *www.platinum.com.au*, from approximately the 15th of the month following quarter end

Contents

Performance Returns to 31 December 2012

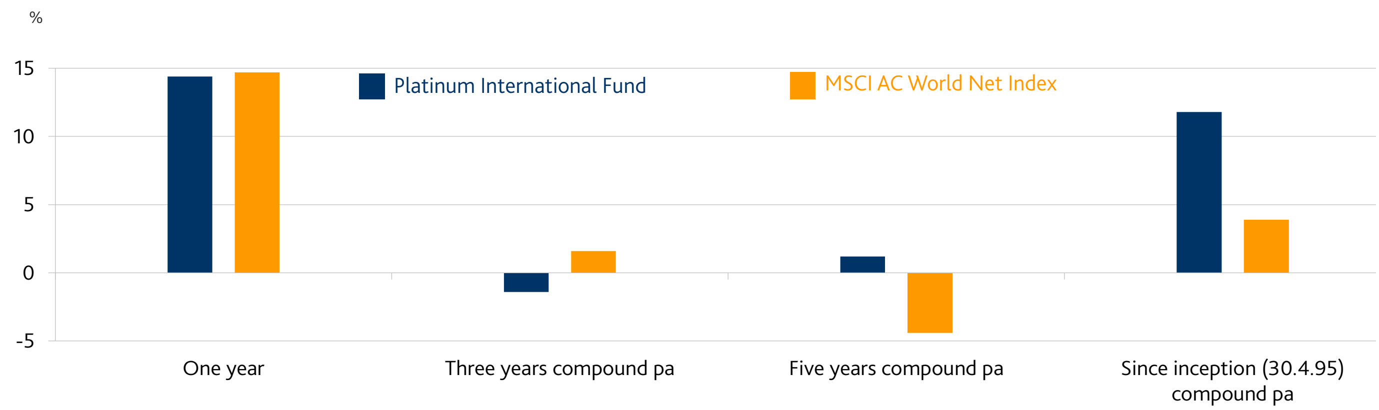
FUND	PORTFOLIO VALUE	QUARTER	1 YEAR	2 YEARS *COMPOUND PA*	3 YEARS *COMPOUND PA*	5 YEARS *COMPOUND PA*	SINCE INCEPTION *COMPOUND PA*
International Fund	**$7,072m**	**6.5%**	**14.4%**	**0.4%**	**-1.4%**	**1.2%**	**11.8%**
MSCI AC* World Net Index		3.1%	14.7%	3.1%	1.6%	-4.4%	3.9%
Unhedged Fund	**$169m**	**4.4%**	**13.9%**	**0.5%**	**3.0%**	**2.5%**	**7.7%**
MSCI AC World Net Index		3.1%	14.7%	3.1%	1.6%	-4.4%	0.9%
Asia Fund	**$3,165m**	**8.4%**	**24.9%**	**0.2%**	**1.6%**	**0.8%**	**15.5%**
MSCI AC Asia ex Japan Net Index		5.9%	20.8%	0.0%	1.6%	-3.5%	9.2%
European Fund	**$136m**	**8.3%**	**33.3%**	**7.3%**	**7.9%**	**3.8%**	**10.9%**
MSCI AC Europe Net Index		7.2%	17.9%	2.0%	-1.6%	-7.7%	-0.7%
Japan Fund	**$230m**	**10.4%**	**16.8%**	**1.5%**	**1.7%**	**1.2%**	**11.8%**
MSCI Japan Net Index		6.0%	6.8%	-4.3%	-2.5%	-7.4%	-1.8%
International Brands Fund	**$790m**	**9.2%**	**26.1%**	**7.1%**	**9.9%**	**7.4%**	**12.5%**
MSCI AC World Net Index		3.1%	14.7%	3.1%	1.6%	-4.4%	-2.4%
International Health Care Fund	**$46m**	**1.8%**	**19.6%**	**13.5%**	**11.2%**	**4.5%**	**4.6%**
MSCI AC World Health Care Net Index		1.0%	16.3%	12.5%	4.6%	0.9%	2.5%
International Technology Fund	**$37m**	**1.7%**	**5.4%**	**-1.0%**	**-1.8%**	**1.1%**	**6.4%**
MSCI AC World IT Net Index		-2.0%	13.9%	4.3%	2.1%	-1.9%	-8.4%

* Morgan Stanley Capital International All Country

Source: Platinum and MSCI. Refer to Note 1, page 36.

Platinum International Fund Versus MSCI AC World Net Index

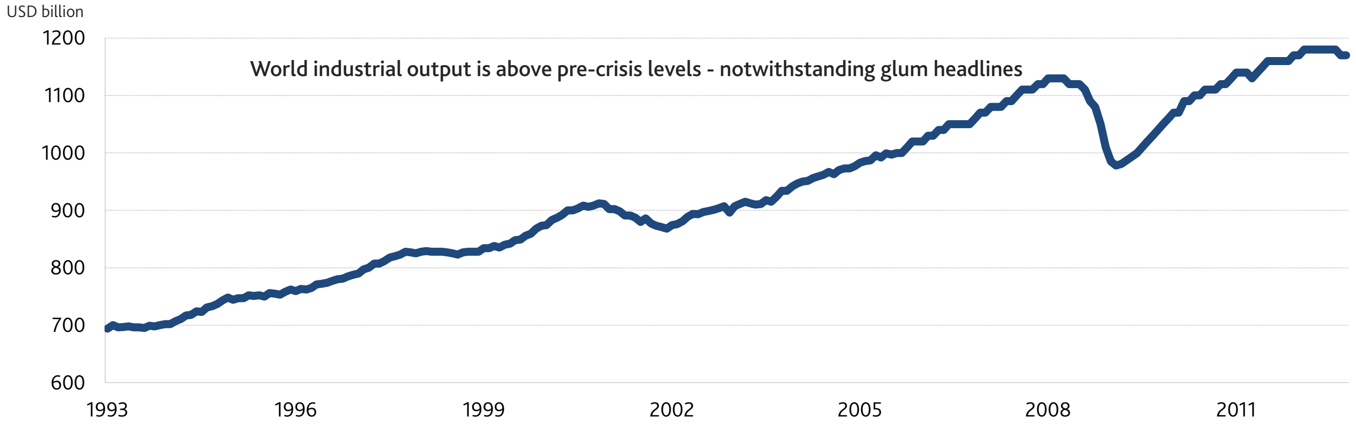
To 31 December 2012



Source: Platinum and MSCI. Refer to Note 1, page 36.

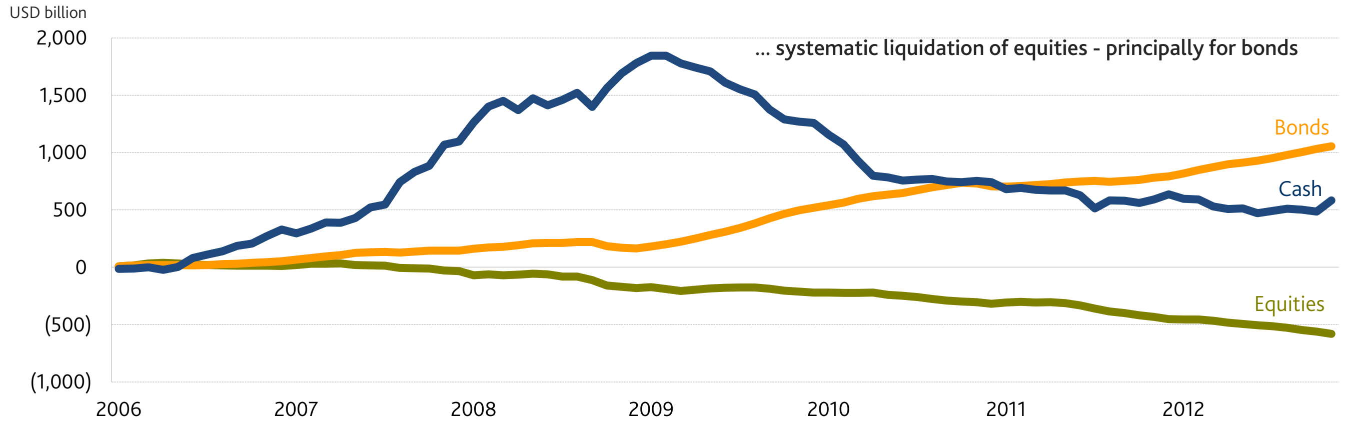
Market Panorama

Global Industrial Production



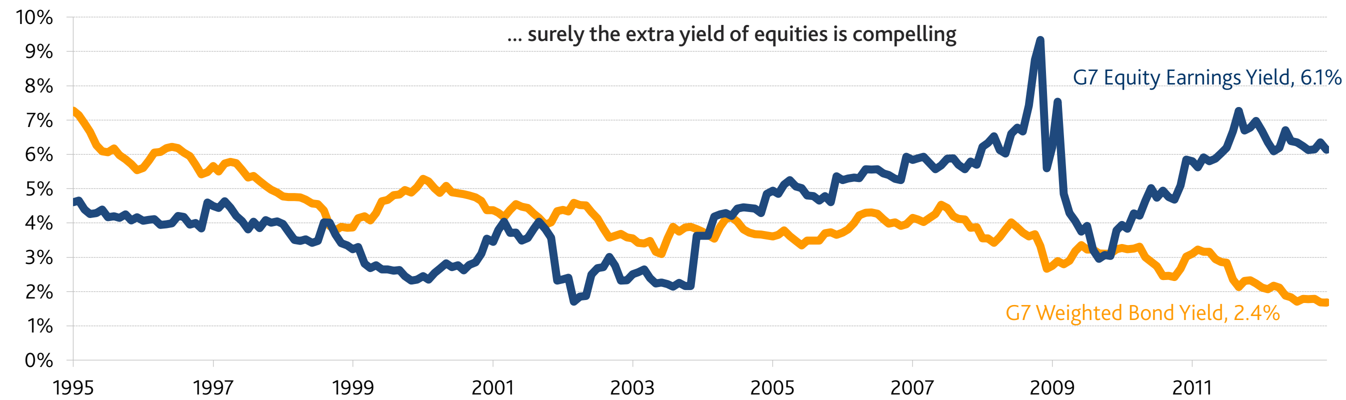
Source: World Bank

Cumulative Net Flows into US Equity and Bond Funds (from 2006)



Source: Ned Davis Research

G7 Bond Yields Versus Equity Earnings Yield



Source: Factset, Bloomberg

Platinum International Fund

Kerr Neilson Portfolio Manager

Disposition of Assets *

REGION	DEC 2012	SEP 2012
North America	31%	32%
Europe	28%	28%
Japan	21%	15%
Asia	17%	15%
Australia	1%	1%
Africa	1%	1%
Cash	1%	8%
Shorts	11%	16%

* The invested position represents the exposure of physical holdings and long stock derivatives.

Source: Platinum

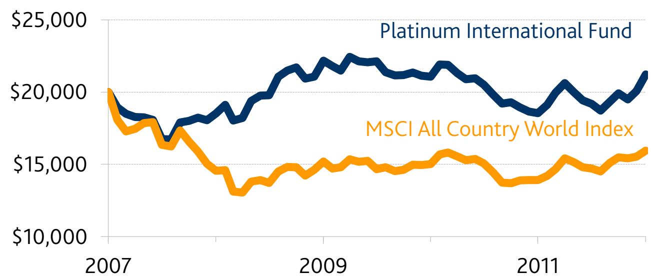
Performance

As foreshadowed in our previous quarterly, the character of the markets has been changing progressively since the reassurances in August from Mr Draghi, the European Central Bank (ECB) President, regarding Outright Monetary Transactions (OMT) by the ECB. Up until then, the fear-bound markets were characterised by huge outflows from equities into bonds and cash. Within the equity markets there was less willingness to support emerging markets notwithstanding their superior growth prospects and generally, defensives were favoured over anything having a cyclical tinge.

During this quarter, funds have continued to desert equities but with much reduced intensity. Apart from reassurances and actions from each of the major Central Banks to facilitate cheap funding, the economic news has also been reassuring. The US continues to experience a broadening economic recovery (though the fiscal impasse is probably retarding investment) but most important of all, has been the re-acceleration of the Chinese economy. This has immediate benefits for the Pacific Rim but equally benefits the resource

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

producing regions of Africa, Latin America and so on. Crowning this has been the fighting language and actions by the newly elected government in Japan. They are asking the Bank of Japan (BOJ) to explicitly target inflation via strenuous intervention in buying bonds, Exchange Traded Funds and other assets or face a legislative response. The Japanese yen has subsequently weakened by over 12% against the US dollar and has also fallen against the Korean won and Euro, both important competitors in its export markets.

The anticipatory nature of the global stock market revealed this shift in prospects with a strong quarter, up 3.1% in A$ terms; those that were behind are now in front as the accompanying table attests. The US lagged and was actually down 0.3% for the quarter while among the developing markets the star was China, up 13.1%. For the year, the MSCI World Index gained 14.7%.

The holdings of the Platinum International Fund showed great form as this shift in focus strengthened and was up 6.5% for the quarter, outperforming the MSCI World Index by a large margin, and up 14.4% for the year.

Currency

There has been little change in the currency exposures over the quarter. We continue to eschew the Australian dollar and the Japanese yen while emphasising the European currencies and US dollar. The weakening of the Yen is important in many respects but suggests that the other Asian currencies will be the recipient of stronger speculative flows than was evident in 2012. The Fund's exposure is: US dollar and Hong Kong dollar 39%; Euro and other European currencies 37%; Asian currencies 14%; Canadian dollar 6%; Australian dollar 2% and Japanese yen 2%. The Australian dollar ended the year almost flat against the US dollar at 1.038.

Shorting

Our rising optimism about the re-pricing of specific equities caused us to continue to close positions on weakness and to remove some of the generic share index exposures. We closed the quarter with the lowest short position in years at 11%.

MSCI World Index Regional Performance (AUD)

REGION	QUARTER	1 YEAR
China	13%	21%
France	11%	20%
Germany	9%	29%
Europe	**7%**	**18%**
Australia	7%	21%
Japan	**6%**	**7%**
Asia ex Japan	**6%**	**21%**
Hong Kong	6%	27%
Emerging Markets	**6%**	**17%**
Korea	5%	20%
United Kingdom	4%	14%
Developed Markets	**3%**	**14%**
India	1%	24%
United States	**0%**	**14%**

Source: MSCI

MSCI World Index Sector Performance (AUD)

SECTOR	QUARTER	1 YEAR
Financials	9%	27%
Consumer Discretionary	6%	22%
Industrials	6%	15%
Materials	5%	10%
Consumer Staples	1%	13%
Health Care	1%	16%
Utilities	0%	1%
Information Technology	-2%	14%
Energy	-2%	1%
Telecommunication Services	-3%	7%

Source: MSCI

Changes to the Portfolio

The biggest change in the portfolio was the raising of exposure to Japan. This was executed through the purchase of several companies that would benefit from greater competitiveness stemming from a weakening Yen such as **Daiken Industries** (world leader in air conditioning), **Mitsubishi Corp** (the largest Japanese trading firm with significant stakes in coal, natural gas and copper resources) and **Hitachi** (a vast engineering conglomerate embarking on a structural makeover). We also took option and futures positions over the broad Topix Index on the basis of the whole market being ludicrously cheap[1] and a huge beneficiary of a weakening currency.

We have also continued to add to smaller positions mentioned last quarter and to our holdings of Chinese–based Internet stocks. These swooned through the quarter as concerns loomed about the Securities and Exchange Commission (SEC) seeking access to the audit papers produced by China-based associates of the global accounting majors. This is a broader issue than just deregistering these accounting firms and hence causing these Nasdaq-listed Internet stocks to be ineligible for continued listing on an American Stock Exchange. Should this political turf battle go unresolved, most US-based multinationals with operations in China could have inadmissible accounts! We added **Baidu**, China's leading Internet search provider, similar to Google, and **Youku**, the leading web-based Video/TV provider. At a capitalisation of under $3 billion, we suspect this company is unlikely to remain independent as the leviathans of the industry look to bundle their advertising offer along the lines followed by Google with YouTube.

We have also been adding to the engineering companies, Foster Wheeler, Jacobs Engineering and KBR on the basis of the inevitable recovery of capital spending in the US on account of the shale hydrocarbon gas and liquids phenomenon. The three **oil service majors** are trading at their lowest ratings of the last 20 years. The principal reason seems to be concern about over-capacity, particularly in pressure pumping in North America, increasing capital intensity and slower than expected recovery in activity in international markets. The upside relies on the planned step-up of drilling in deep water. There is a fairly predictable amount of additional work that will need to be serviced over the coming 2 to 3 years emanating from this planned off-shore activity. At the same time, the three leading companies, who essentially are the only firms with the technical capability to operate at these depths and pressures, are reducing their capital spending. Halliburton and Baker Hughes should now reap the benefits from their re-orientated international footprints. Tight gas activity outside of North America is just starting in the vast shale deposits of China, Saudi Arabia, Argentina and Australia.

These purchases were funded out of partial sales of companies under takeover offers like TNT Express, Nexen Inc and United Brewing Holdings. We also chose to reduce positions in stellar performers, some of which we classified as defensives, like Samsung Electronics, Henkel, Gilead and others like BMW and Shin-Etsu Chemical.

Commentary

As we try to make sense of the year ahead, we run the risk of extrapolating the experiences of the last 12 months. We are of the view that we are entering a very different environment. The behaviour of markets in the last three months have been hinting of this but the overlay of uncertainty from the irresolution of the US budget negotiations has partially obscured this change.

We believe shares will be rewarding in the year ahead based on:

- **Economic factors**
- **A change in risk tolerance**
- **Attractive valuations**

(To highlight this, please see graphs on page 3).

[1] Some may disregard this optimism as a 'Platinum-centric' dream. However, the weakening of the Yen is key. It reflects a shift in the thinking of the establishment and is being accompanied by clear shifts in the corporate world. Twenty years of sloth and increasing competition from abroad plus conflicts with its leading trading partner, China, is encouraging change. While the corporate sector is loath to revoke its social security obligation of life-time employment, juggernauts like Hitachi have embarked on a complete corporate restructuring. This is being accompanied by a 'right owner' asset exchange. While admittedly long overdue, our view is that with several leading names now facing insolvency, there is a sense of group acknowledgement for the need for reform. Some may worry that a weaker Yen will retard this change but one can identify a convergence of factors that suggest we are at a point of resolution. Some companies will leave the change too late but the vanguard will benefit hugely, and interestingly, were seeing improving profitability even when the Yen was close to an all-time high.

Across the globe the effect of cheap money is working its wonders to re-ignite capitalist instincts. On a GDP weighted basis, the level of Central Bank rates are just over 2.1% compared with about 5% at the onset of the GFC. Industrial production is running close to the peak of 2007/08 and global trade is flourishing with exports up some 30% since 2007. This is not the popular image of world economic affairs but to some extent this is due to the rolling nature of deleveraging that has been taking place over the last five years.

Take for example Ireland; the economy is expanding again, though from a base that is 20% off its nominal peak as surging exports have more than offset government retrenchment. (The fiscal deficit is presently at 8%, down from 30% immediately after the crises). The big difference between Ireland and its more challenged peers in the Euro monetary system is its highly deregulated markets, particularly labour, low corporate taxation and fluid population movements, notably among 'guest workers'. We do not envisage the troubled countries of the Euro zone to respond with such agility principally because of the nettled issues around labour but even here change is afoot. In Ireland, for example, unit labour costs are down 10% since the crises whereas the best comparable performer in the Euro zone is Spain where they are down by 3%, while in countries like Italy and Greece, unit labour costs have continued to rise.

We have expressed our positive views on the US economy in earlier reports with the recovery in house values and building activity, credit growth, the bonanza from tight oil and gas, the inevitability of an investment recovery and the likely return of some manufacturing jobs onshore.

More broadly, the governments of the large developing economies like China, India and Russia are also taking measures that attempt to correct some of the imbalances that have evolved. While they will be challenged to meet their ambitious growth targets, the ubiquity of the web and wireless adds to the urgency for action among the ruling elite. While world growth will be mottled, in aggregate we can expect an overall rise of say 2.5-3% in real terms. So on the one hand, growth in parts of the developed world may be elusive on account of continuing deleveraging and the withdrawal of government supplementary spending. However, the continuing growth in the developing world with its concomitant need for natural resources will give rise to many favourable investment opportunities.

From this perspective there is a high probability that we are on the **cusp of a redirection of investment flows**. Investor confidence is generally improving as evidenced by falling volatility and a dramatic divergence of stock price behaviour in stark contrast to 2011 when convergence prevailed. Bonds have enjoyed an unusually long bull market, culminating in a **fear-driven crescendo** of retail flows to a ballooning population of bond funds. With the concerted efforts by the Central Banks of the US, Euro zone, Britain and now Japan to suppress interest rates and their currencies, it seems highly likely that **bond markets are about to face more challenging times**. While evidence of rising inflation is still remote, and the general view is that it is unlikely to reveal itself until resource utilisation is more intense, it is interesting that **house prices are drifting upwards**.

A country that may be an interesting lead indicator is New Zealand. In this small, yet open economy, where new supply of housing has admittedly been constrained, house prices are about 10% above their pre-crises peak levels. Credit growth in the last year has been modest at 5%, retail sales are soft, unemployment is at similar levels to those during the Asia crises at 7.3% and exports are struggling. Strangely, house prices elsewhere are also tending to creep upwards in the face of stagnant real incomes. We suspect that the full effects of concerted liquidity creation by Central Banks will only be appreciated well after the event.

While investors have been forsaking the stock market in droves, the companies themselves have been notably active in buying back shares and more recently in the US, raising their dividend payouts. From the beginning of 2006, cumulative flows out of equities in the US have been estimated at about US$550 billion, while corresponding flows into bonds have been over US$1 trillion.

The interesting question is the extent to which a rise in bond yields might have a negative effect on equity valuations. Our view is that there is **significant scope for yields to back-up before the yield on bonds adversely affects equities**. The key observation is that bond yields are at record lows as a consequence of **extreme risk aversion**.

As confidence gradually returns, the willingness of investors to lend to their governments in exchange for say 1.8% pa for 10 years will subside. Investors can point to about half of listed stocks in the developed world that offer dividend yields greater than their government's bonds. Admittedly this has been true in Japan for some years to no avail but the difference lies in the concerted effort to create liquidity. In addition, sceptical investors like Platinum cannot figure out how the explosion of the money-base will not result in fears about inflation. Even now, prices keep rising with seemingly low capacity utilisation. This leaves bond holders poorly rewarded at current yields. Do note that even without heavy printing, consumer prices in the US since World War II have risen by 3.6% pa compound!

The last building block for **our optimism lies in compelling valuations**. We have recurrently voiced our concerns about the sustainability of record corporate profitability, and the need in some cases to normalise valuations for this factor. However, there are many areas where this is less evident. In the case of Japan, profitability has been suppressed by the high value of the Yen. Even in the face of this burden, remarkably, profitability has been rising and now with the Yen weakening, there will be groups of companies that really flourish. In addition, the flow back of funds can be expected to be particularly sharp as domestic investors flee from bonds and foreign investors scamper to get their weightings back to the benchmark. Even though foreigners have been accounting for the majority of turnover in the Tokyo market for some time now, surveys show that they were underweight, though keen buyers into the year's end.

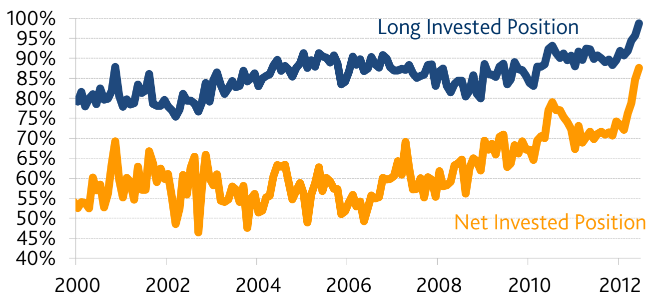
All our quant work, some of which has been shown in earlier quarterlies, shows most markets to be attractively priced and within markets, some sectors are compellingly cheap. We believe our exposure to these will reward us in the months ahead.

Outlook

We believe the leadership of the markets will continue to rotate in the manner first seen in the last five months of 2012 with the defensive leaders losing their position to more cyclical sectors as excessive fear is replaced with growing confidence. That there will be periodic swoons is highly likely but that the emphasis will be on opportunities rather than risks. At this stage we are not calling for the start of a generalised bull market in equities but believe that upper bands will be challenged in specific markets. Should the BOJ succeed in weakening the Yen, Japanese stocks could astound investors. Some emerging markets could make new highs.

The Fund is at its highest invested position since 2000.

Fund Invested Positions - Long and Net Since 2000



Source: Platinum. Refer to Note 3, page 36.

Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
North America	30%	34%
Japan	24%	17%
Europe	23%	25%
Asia	16%	13%
Australia	2%	0%
Africa	1%	1%
Cash	4%	10%

Source: Platinum

Portfolio Position

Changes in the quarterly portfolio composition:

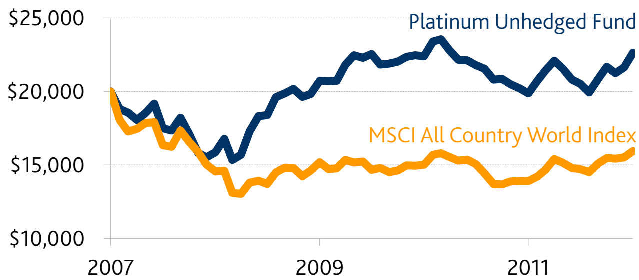
Sector Breakdown

SECTOR	DEC 2012	SEP 2012
Emerging Asia Consumption	17%	14%
Technology	14%	12%
Mobile Data	11%	10%
Western Consumer	11%	12%
Energy	10%	10%
Healthcare	9%	9%
Western Financials	7%	7%
Japanese Reflation	6%	5%
Capital Equipment	5%	3%
Gold	4%	6%
Materials	1%	1%
Other	1%	1%
Gross Long	96%	90%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

Performance

Over the last 12 months the Fund rose 13.9% slightly underperforming the MSCI All Country World Index (A$) benchmark and over the past quarter the Fund rose 4.4%, outperforming the benchmark. Our best contributions came from financials (Bank of America and Lloyds Banking Group), Healthcare (Sanofi and Gilead) and our Asian consumption-related holdings (Kangwon Land triggered by casino expansion approval). Our worst contributors were to be found amongst the gold stocks as both production and reserve replacement costs continued to surprise negatively.

Global quarterly sector performance was led by financials and cyclicals more generally with the notable exception of energy and technology, and the so-called defensives lagging i.e. in order - staples/healthcare, utilities and telecommunications. Looking at 2012 performance, financials, consumer discretionary and healthcare sectors were the standout positives, with energy and utilities the key laggards. Examining three year sector performance, one wonders whether the somewhat counter-intuitive outperformance of the consumer discretionary stocks (dominated by US retailers), globally the best sector over three years and a very close third best to healthcare and staples over five years, may be coming to an end i.e. with the fallout from the fiscal cliff one hurdle too many.

The underperformance of technology was notably led by Apple … murmurings regarding the sustainability of very high handset selling prices and margins are starting to rise.

Over the year, as the perceived risk of some major disruptive "macro" event diminished (the Euro breakup, China hard landing, Israeli strike on Iran, fiscal cliff ...), intra-market correlations (as measured by the median correlation of S&P500 stocks to the S&P500 Index) fell significantly, to a level more typically associated with a healthy stock picker's market. Further, the baton for the best performing regional markets over 12 months gradually passed from North America (still the lead major region over three and five years) to Europe and Asia ex-Japan by the fourth quarter. In summary, it has been a year in which it has paid to be a timely contrarian, that is, buying the most despised asset classes with fear at its most extreme and hence European stocks and financials have led; in fixed income the government bonds of Greece, Portugal and Ireland trumped all; and the Euro has been the strongest currency of the big three.

In the past month, this same dynamic now seems to be playing out in Japanese and Chinese equities, two markets the Fund has significant exposure to that until recently were truly friendless markets. In both cases the catalyst was a change in political leadership – in Japan's case, a landslide victory by the Liberal Democratic Party (LDP) that campaigned in the recent national election on a platform that featured prominently a 2% inflation target for the Bank of Japan (BOJ). This is important. At the same-time that gridlock impedes the US policy response to the fiscal cliff, the Japanese electorate has just handed the LDP-New Komeito coalition the power, if they wish to use it, to force the BOJ to adopt reflationary policy or face a potential legislative end to the Central Bank's independence (see Platinum Japan Fund quarterly report on page 20 for greater detail). We think the long-term weakening trend in the Yen has commenced; the keys to the printing press are no longer in safe-custody.

Changes to the Portfolio

Continuing in the same vein, the international political discussion regarding Central Bank open-ended bond-buying programmes is slowing, morphing from necessary "monetary easing" to expedient "currency debasement". Most notably the incoming Japanese Prime Minister, Shinzo Abe, has stated that South Korean, US and European Union (EU) Quantitative Easing programmes are simply currency targeting mechanisms by another name and that Japan must respond ... 2013 will likely be a year when the current phony currency war becomes a little more real. We will retain our gold stocks as a hedge against an adverse outcome … that is a self-reinforcing cycle of competitive Quantitative Easing from the three large developed world currency blocks (US, EU and Japan).

Even though the Fund's stock count increased significantly during the quarter, from 68 to 83 holdings, there was little material change in the Fund's top thirty holdings which continue to account for just over 60% of portfolio exposure. The increase in holding count largely reflects the activities of the team in uncovering new opportunities. In aggregate, exposure to equities rose by 6% with most of this allocated to Asia and emerging markets. We observed last quarter how startlingly cheap Japanese exporters had become and we progressively added over the quarter including increasing our Toyota holding, buying Hitachi and Ibiden (see March 2012 and current Platinum Japan Fund quarterly report) – this accounts for the increase in our technology and capital equipment holdings. In China/Hong Kong (and emerging markets more generally), we added to our consumer-related names as policy edged towards greater accommodation of consumption over investment as the engine of growth.

The complete sell-downs of note included Nexen (subject to a takeover bid) and Ain Pharmaciez, a Japanese dispensing pharmacy category killer that had reached our valuation target.

Commentary and Outlook

The strength of the US recovery generally (and housing specifically) in the context of some yet-determined fiscal tightening but against a loosening monetary policy in most emerging markets, will be a key issue for 2013. We remain cautiously optimistic that a combination of growing domestic US hydrocarbon investment and a "normal" level of housing investment will be sufficient to offset a moderate level of fiscal retrenchment (see the Platinum Unhedged Fund March 2012 quarterly report).

But we also recognise that all socio-economic systems develop expedient biases and the US is no exception. We wonder whether longer term the downward pressure the Federal Reserve's bond-buying programmes are placing on US yields will end-up damaging the very dynamism at the heart of the US system by driving investors into "yield" assets/stocks and, hence, driving actual corporate investment preference away from growth. Further, the Federal Reserve is providing a tacit endorsement of the fiscal deficit. Japan, if nothing more, is a case study on the damaging effect that persistent tolerance of large government deficits has on a country's longer-term ability to innovate and compete.

For those investors that have progressively crowded into "yield" stocks, we find the underperformance of US utilities notable. Whilst the trigger seems to have been a proposed increase in US dividend taxes, it provides a timely reminder that short-cut attribute style investing does have its limitations, and in the case of the blind buying of "yield stocks", investors should consider the sustainability and growth profile of the current dividend yield. The obvious candidate for such a study would be Australian bank stocks. The Australian banking sector has a tangible capital base that is levered roughly 21x (this compares to our holding in Bank of America that is levered just 15x). Further, the loan book of these banks is relatively concentrated in lending to Australian households with just over 60% accounted for by residential mortgages. Mortgages represent a loan class that under Basel II regulation, Australian banks are free to adopt an internal model-based calculation of capital adequacy rather than the standard non-model-based minimum 35%. Not surprisingly, it would appear that the Australian banks are using risk models that have arrived at a typical 20% risk weight, hence require significantly less capital per dollar of mortgage lending than the standard non-model based minimum. Interestingly, this compares to typical risk weights of 35-75% in the US (lower model-based weights would only be associated with loan to value ratios of under 60%) and just under 35% in Japan respectively, markets that have recently experienced a period of relatively severe or prolonged property price declines … as noted earlier, most socio-economic systems have a tendency to develop their own expedient bias. If investors deem the yield on Australian bank shares to be attractive, they should also be aware of how leveraged to the Australian property cycle that yield really is.

In closing, the "fiscal cliff/debt ceiling" will dominate headlines for some-time to come as there is no easy solution to the US debt load (or that of the Western world more generally) other than repayment, default or monetisation or some combination of all three. However, the West only accounts for roughly 40% of global GDP (purchasing power parity basis) – the beauty of global investing is choice.

Platinum Asia Fund

Andrew Clifford Portfolio Manager

Joseph Lai Co-Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
China (Listed Ex PRC)	20%	18%
China (Listed PRC)	7%	6%
Taiwan	4%	4%
Hong Kong	1%	1%
Greater China total	**32%**	**29%**
Korea	16%	16%
Thailand	13%	15%
India	10%	9%
Philippines	8%	8%
Malaysia	6%	5%
Singapore	6%	6%
Indonesia	2%	2%
Vietnam	2%	1%
Canada	1%	1%
Cash	4%	8%
Shorts	1%	1%

Source: Platinum

Performance

Performance (compound pa, to 31 December 2012)

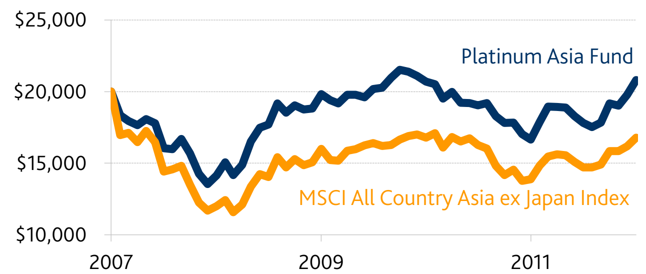
	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	8%	25%	2%	1%	16%
MSCI AC Asia ex Jp Index	6%	21%	2%	-3%	9%

Source: Platinum and MSCI. Refer to Note 1, page 36.

Asian markets continued their rally from last quarter rising a further 5% in local currency terms and bringing the total return for the year to almost 20%. Appreciation of the regional currencies, with the notable exception of the Indian rupee, meant that these returns were slightly better for Australian investors, coming in at 5.9% for the quarter and 20.8% for the year.

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

Credit conditions have clearly eased in China, with credit growth accelerating in recent months at annualised rates approaching 20%. Residential property sales have continued to climb over the course of the year leading to confidence that the construction sector will start to recover over the course of 2013. China's transition to new political leadership has also given reason to be more optimistic about the country's ability to restart the reform process. This is discussed in our commentary section at greater length. Elsewhere, the other problem economy in the region, India, has shown some signs of improvement in the last months of the year with a turnaround in industrial production. However, the performance of regional markets can probably be as much attributed to external events. The US economy has continued to perform well, in spite of much discussion about "fiscal cliffs" and the bond markets of indebted European governments continue to improve during the quarter. But of particular interest was the promise of a more proactive economic policy from the new government in Japan, with regional markets accelerating from late November as the Japanese yen started to sharply depreciate.

The Fund performed well, returning 8.4% for the quarter and 24.9% for the year, both figures in excess of the underlying markets. These results bring the Fund's performance back in line with the market over the two and three year periods. While the portfolio broadly performed well, key contributors to performance came from holdings in Indian and Korean stocks. In particular, United Spirits (Indian spirits business) continued its strong performance rising a further 55% as Diageo finalised its purchase of a controlling stake in the company. Kangwon Land (Korean casino) was also a significant contributor as the government finally came through with a long awaited approval for the company to increase the number of gaming tables at its casino. On the other side of the ledger, while our Chinese stocks generally performed well, the US listed Chinese companies were weak as a result of a dispute between the Securities and Exchange Commission (SEC) and the major accounting firms that could leave the companies stranded without auditors.

Changes to the Portfolio

The net invested position of the portfolio increased from 91% to 95% over the course of the quarter. Baidu, the dominant Internet search engine in China, was added to the portfolio as the company (along with some of our other US listed companies) was caught up in the dispute between the SEC and the Chinese affiliates of the big accounting firms. The dispute is over access to audit papers of the Chinese companies listed in the US and impacts not only the Chinese companies but all US listed companies with business units in China. While the dispute remains unresolved, one would expect an eventual resolution given the implications for most *Fortune 500* firms. In addition to this issue, Baidu is also facing changes to the nature of its business as more Internet browsing moves to smartphones and what appears to be a general slowing in Internet advertising in China. While Baidu's revenue may slow from the extraordinary 50% plus rates of the past, we still expect the business to grow strongly for some years to come.

Other companies caught up in the dispute with the SEC included the Fund's other Chinese Internet plays, Sina (microblogging) and Youku (online video), positions which were also added to. China Vanke, one of the leading residential property developers, was also added to the portfolio. The company's shares listed in the poorly performing A and B share markets in China have not moved with the improving sales of property unlike their counterparts listed in Hong Kong. A number of positions were reduced as they approached our assessment of full value including Airports of Thailand, United Spirits, Kasikornbank, and China Mobile.

<u>Andrew Clifford</u>

Commentary

China's New Leaders

The change in leadership in China has come at a critical moment in the country's development as it has become clear that the economy's dependence on exports and investment needs to change. The country's senior new leadership was announced on 15 November 2012; Xi Jinping is set to take over as the President of China in March this year. In addition, six other members of the Standing Committee were announced.

Given the lack of progress in economic reforms in recent years, expectations have been low as to how the new leaders will handle the country's economic challenges. Will they continue to procrastinate on important and difficult decisions or will they take constructive steps to set China upon a bold and sustainable path of economic reform and development? It is encouraging that media reports of the new leaders conveyed a sense of urgency for structural change. Clear emphasis is on tackling corruption, reducing the income divide, upholding and promoting rule of law, and to be a government *for* the people. For the first time in many years, there is positive energy in the air. Beyond and above most pundits' pessimistic expectations, visible reforms *are already* underway merely a month into the job. The capital account is gradually getting prised open, and rural land and natural resource prices are moving towards market mechanisms. Further, the much delayed reforms for more equitable income distribution are being set in place and relaxation of the *hukou* system (which restricts movement of the individual) are now firmly on the policy agenda.

Worth noting also is the new leaders' unconventional style that initially raised eyebrows across China but did wonders for them in regaining the trust of the Chinese people. The new leader, Xi Jinping, set out eight rules of frugality (mostly pertaining to cutting down on lavish spending and ceremonies at official functions) for the previously invulnerable Politburo members to follow. Officials were asked to speak their mind and not read off script. The expectation is for this counter-cultural style to be propagated throughout the government agencies. Importantly, Xi coined the new catch phrase of the "China Dream" representing the great revival of the Chinese nation to be achieved by opening-up and reform.

There was no red carpet, no red communist banners, no road blockades as the newly minted leader of China visited the city of Shenzhen in his first official outing. This trip symbolically retraced Deng Xiaoping's visit 20 years ago that ushered in China's economic prosperity. On a cold winter's day on 31 December, he visited unsuspecting farmers in impoverished Hebei villages (average per person income is less than USD150 pa). He was used to directly talking to ordinary folks in his previous roles and he was not about to change that now that he is the head of the country. These endearing gestures set an example for other government officials and have consolidated his credential as a leader of the people. Nowhere was the sense of optimism better felt than in China's cyberspace, an area in which the new leaders seem more confident. Sina Weibo (China's Twitter) was abuzz with excitement following the new leaders' visits and speeches were recounted blow-by-blow, with renewed hope and palpable anticipation.

Despite this strong start, manoeuvring through the complex political labyrinth of the Chinese Communist Party will not be easy. It is therefore encouraging that the senior leadership, the Central Politburo Standing Committee, appears to have the right background and ambition to fulfil the difficult job ahead. The Standing Committee is the top leadership of the Communist Party of China and the number of people in this elite group has been reduced from nine to seven which some claim will allow the Committee to make policy decisions more expediently. Out of the seven members of the Committee, four would be classified colloquially as "princelings" which is generally defined as a person from families of senior Party revolutionaries. Nowadays, princelings occupy powerful positions in government and businesses. Having this network within the government, and outside, perhaps can get tasks accomplished more easily.

Outside of this privileged group, Li Keqiang, who is not a princeling, is set to succeed Wen Jiabao to assume the key role as China's next Premier in March. He was a student in Economics and Law at the highly regarded Peking University and played a vital role in formulating economic policies for China over recent years. He sponsored the World Bank report, *China 2030*, jointly published by the World Bank and China's Development Research Centre. The report highlighted immense risks from the lack of reform and outlined key steps to move forward. Li recently reiterated that reform is China's biggest dividend and that "those who refuse to reform may not make mistakes, but they will be blamed for not assuming their historical responsibility".

Xi Jinping, the incoming Chinese President, is son of Xi Zhongxun, who was one of the first generation of leaders in the People's Republic of China. The elder Xi was perhaps best known favourably for his economic reform credentials. He played a leading role in the creation of the Special Economic Zone in Shenzhen which grew from a fishing village near Hong Kong to a world-class manufacturing hub and metropolis. This paved the way for economic liberalisation for the rest of China. Sadly, a reformer at heart, he was sidelined for his staunch support of the Party General Secretary Hu Yaobang, who was purged for his policies of more rapid political liberalisation and whose death triggered the Tiananmen Square tragedy in 1989.

Born in a privileged family of party revolutionaries, Xi Jinping's childhood life fluctuated with his father's tumultuous political career. During his teenage years, Xi Jinping's father had a fall out with Chairman Mao, and was demoted from Vice-Premier of China to become Deputy Manager of a tractor factory. During the Cultural Revolution, Xi Jinping was sent to an impoverished village situated in Shaanxi Province, where he endured seven years of hardship. Eventually his family was rehabilitated by the government at the end of the cultural revolution, when the elder Xi assumed a senior government role in Guangdong Province. Upon completion of his studies in Beijing's prestigious Tsinghua University, he served as secretary for his father's former subordinate, the then vice premier and Secretary-General of the Central Military Commission from 1979 to 1982. Subsequently, he worked in the Hebei Government and then took various senior roles in the government of the economically vibrant coastal Fujian and then Zhejiang provinces. His successful stewardship of these thriving provinces demonstrates adeptness in economic management.

Xi is viewed positively by foreign dignitaries. Described as "the kind of guy who knows how to get things over the goal line" by former US Treasury Secretary Paulson, and "a thoughtful man who has gone through many trials and tribulations. A person with enormous emotional stability who does not allow his personal misfortunes or sufferings to affect his judgement. In other words, he is impressive" by Former Prime Minister of Singapore Lee Kuan Yew. Significantly for this leadership transition, Xi was given the role of the Head of the Military Commission immediately, in contrast to his predecessor Hu Jintao who had to wait two years to assume this strategically vital position. Xi enjoys strong connections with the military thanks to his previous roles and his family. His wife is a famous singer, currently serving in the People's Liberation Army at the rank of major general. With ties to the military and successful track record of pro-market economic reforms, the new leadership has all the qualities one might want at this challenging time. In a short space of time the new leadership is making the right moves, reform momentum is quietly gathering pace, and we would expect to hear a lot more concrete policies in the near future.

Joseph Lai

Outlook

With China's economic growth on the upturn, together with a better global environment (at least for the moment), we would think it likely that Asian stock markets continue their good run of the last six months.

However, with many issues remaining, one shouldn't expect smooth sailing. Reform in both China and India is critical for the ongoing development of these economies. The change of leadership in China looks promising and as reported in our last quarterly, there have been some developments in India though much still needs to be done. Remember too that most of the developed world remains heavily indebted.

The best guide for future returns remains the valuations of the Fund's holdings. On this front we remain optimistic for continuing good returns over the medium term. However, post the performance of the last six months, one should be cautious about expecting too much too soon.

Platinum European Fund

Clay Smolinski Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
Germany	40%	42%
UK	18%	16%
France	13%	16%
Spain	3%	3%
Italy	3%	4%
US *	2%	2%
Sweden	1%	2%
Netherlands	1%	2%
Belgium	1%	1%
Russia	1%	1%
Cash	17%	11%
Shorts	9%	8%

* Pulp stock listed in the US but predominant business is conducted in Europe

Source: Platinum

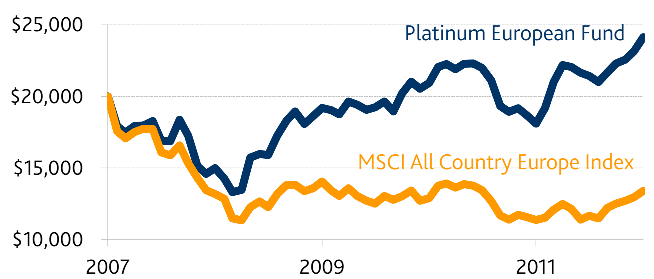
Performance

We left off last quarter with the observation that the large rebound in European stock markets was not a cause for concern, as the fears that had left many investors with the view that Europe was 'un-investable' were only just starting to fade. This process of investors becoming more positive on the outlook has continued over the last three months with foreign investors in particular returning to Europe. In the face of this, all the major stock market indices were up, with the French +10%, Italian +8%, German +5% and the UK and Spanish both +4%.

With a view to individual stocks, in general the markets strength was quite broad. Out of Europe's largest 300 companies, 75% rose during the quarter, whilst only 18 stocks fell more than -10%. The standout performers by sector included the Luxury Goods companies (Prada +26%, Burberry +22%, PPR +17%, Hugo Boss +16%) which did well on the back of better than expected sales in China, whilst the Aerospace Engineers (EADS +19%, Safran +16%, Zodiac Aerospace +10%) continue to enjoy record demand for new commercial passenger aircraft. Those 18 stocks that did have falls greater than -10%, were largely clustered in the Electric Utilities (E.On – 23%, EDF -15%, GDF Suez -12%), Telecoms (KPN -38%, France Telecom -12%, Telecom Italia -12%) and Oil Services sectors (Saipem -21%, Fugro -16%).

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

Measured in Australian dollars, the European Fund was up 8.3% over the quarter versus the MSCI All Country Europe Index up 7.2%. Over the last calendar year, the European Fund has returned 33.3%, beating the Index by a full 15.4% (the Index returning 17.9%).

Commentary

When the Fund takes a substantial new holding in a company, we aim to include a detailed write-up in the quarterly outlining the thinking behind the investment. Regular readers may be wondering how those cases have been playing out, and hence we are going to use this quarterly to look back and review a number of those investments.

To ensure we are focusing on investments that have had enough time to progress, we will look at the ideas presented in the March 2011 and June 2011 quarterlies - giving us three names – Deutsche Börse, Lloyds Bank and Amadeus.

Deutsche Börse (world leading German exchange organisation) - a case that has not played out as expected.

Initial Case

Our case on Deutsche Börse (DB) presented in March 2011 was built around the view that:

1. The regulatory threat of having their monopoly position in derivatives trading opened up to competition would end up being toothless.
2. The other side of the regulatory coin was that DB was set to benefit from additional clearing revenues, as regulators were forcing "over the counter" (OTC) derivatives to be electronically traded and cleared from 2013.
3. Trading volumes in that same derivatives business would continue to grow, albeit much slower than in the past. DB's derivatives business had seen trading volume fall by 25% from peak levels post the GFC. Whilst the days of this being a 20% grower were over, we thought they could still grow at mid-to-high single digits from this low base going forward.

How the story has progressed

The regulatory side of the story has largely played out as expected. The European market regulator has indefinitely put on hold any prospect of forcing new competition in derivatives trading and while new regulatory threats have emerged in the form of the European Financial Transactions Tax (FTT), the cost of this will likely be more than offset by revenue gains as OTC derivatives come onto exchange in 2013.

Where we have been wrong is the presumption of steady growth in derivatives trading volume. Post taking our position in early 2011, the story looked on track as trading volume in both DB's equity index and interest rate futures continued to grow strongly in the second half of the year, finishing up 19% and 10% respectively on levels seen in 2010. However, 2012 has been a different story. Weak equity markets and a continuation of zero interest rate policies have seen DB's equity index and interest rate futures volume drop 15% and 23% respectively. Earnings per share for the company have fallen from €4.50 in 2011 to €3.70 in 2012.

Deutsche Börse is now trading at €46 versus our initial acquisition price in the €52-€55 range. Over our holding period we have received €5.40 in dividends, giving us a total return of -10%. A poor performer but not catastrophic.

So what do we do from here? Looking at the drivers of the business, from a cyclical point of view, volumes have bottomed in interest rate derivatives. Trading volumes in equity index futures and cash equities could fall further but it is clear we are far closer to the bottom of the cycle than the top. Deutsche Börse offers an 8% earnings yield, with a management team that is returning the full 8% yield to investors (we receive 5% via dividend and 3% via share buybacks). Given the current 8% earnings yield is based on what are fairly depressed earnings, there is enough upside to continue to hold.

Lloyds Bank (UK financial) – the case is progressing as planned but it would have been nice to get the timing perfect!

Initial Case

When we wrote about Lloyds in June 2011, the market was primarily concerned that the bank:

1. Would be required to raise additional capital.
2. Had a high reliance on wholesale funding (Lloyds had a loan to deposit ratio of 160%), which would pressure profits as the cost of wholesale borrowing was rising.

On these issues we were less concerned. In respect to the need to raise capital, we concentrated on the fact that the company had already written off £70 billion of its loan book and was making pre-provision profits of £12 billion pa. This meant that Lloyds had likely already seen the worst of the credit costs from borrowers defaulting on their loans and had the ability to generate a lot of new capital each year through its profit base.

We agreed that the higher cost of wholesale funding would squeeze profits. But there were a number of reasons why the outcome might be better than feared, namely:

1. The UK banking market had consolidated massively post the GFC and they were now the largest player with 30% market share. In addition, their competitors had a heavy reliance on wholesale funding as well. All of this meant it was more likely that some of the increased cost would be passed onto customers.
2. Lloyds was aggressively shrinking its "non-core" loan book (a collection of overseas and local large scale commercial loans). As this shrunk so too would the bank's need for outside wholesale funding.
3. With a combined workforce of 110,000 post their merger with HBOS, Lloyds had a lot of scope for cost cutting now that they were shrinking in size. Lloyds new CEO Antonio Horta-Osorio had performed similar cost cuts at competitor Santander UK and was doing the same at Lloyds.

How the story has progressed

From an operational standpoint Lloyds has done well and management have done exactly what they said they would do. From 2010 to today, the deposit base has grown from £394 billion to £423 billion, whilst the non-core loans has fallen from £195 billion to £118 billion, with the loan to deposit ratio now at 120%, down from 160%.

The higher cost of wholesale funding has hit profits, with the net interest margin (the difference between the interest the bank earns from its loans and has to pay for its funds or deposits) falling from 2.21% to 1.93%. This has been somewhat offset by lower costs, with operating expenses falling from £13.1 billion to £10.1 billion. The bank has continued to build capital via its profit retentions and did not need to raise extra funds through a share issue as feared.

This steady operational progress was masked by some truly incredible swings in Lloyds share price. The last 18 months has been a great lesson on the irrationality of the share market when it is panicked by fear.

We started building our stake in Lloyds in late June 2011 at a price of 44 pence. At that point the stock had recently fallen 37% from its previous trading range of 70 pence and offered a valuation of 0.7x P/B and a 6x P/E of what it could earn a few years out – good value we thought. However, shortly after, the share price of Lloyds went on a wild roller-coaster ride, with the price eventually bottoming five months later at 22 pence, a further 50% fall!

The main reason for this collapse was simply the panic over the European sovereign crisis which peaked in November 2011. Whilst the stock prices of the whole European banking market saw heavy falls, despite almost no direct Euro zone exposure, puzzlingly Lloyds was one of the worst performers. At the bottom, Lloyds was valued at 0.3x P/B and 3x P/E, even the Spanish banks never got that cheap!

We continued to add to our position as the stock kept falling and at a current price of 50 pence, Lloyds has been one of the best performing stocks for the Fund in 2012.

Amadeus (global travel distribution system) – it has been a smooth flight.

Initial Case

When we made our initial investment in Amadeus it was a classic example of a stock that was not really on investor's radar screens. Our investment case was very simple. Amadeus was an extremely high quality business that offered predictable sales and profit growth but was priced like a no-hoper on 11x P/E.

The driver of the growth was two-fold. Firstly, Amadeus's air ticket Global Distribution System (GDS) business by virtue of its leading position in every market outside of the US would continue to tick along at a 5% growth rate driven by growing demand for air travel in Asia, Latin America and the Middle East. Their second business, the Altea software suite, was going through a huge growth phase. Altea allows airlines to outsource their critical IT functions around ticketing, inventory control and departure management to Amadeus. Demand for IT system outsourcing was booming, driven by the IT complexity of air-travel[1] and Amadeus had already signed up 110 of the world's leading airlines to shift to their system.

How the story has progressed

So far the revenue and profit growth at Amadeus's two businesses has been very much to plan. As advertised, the GDS business is growing at 6%, fuelled by the growth in air-travel bookings in the emerging markets. The Altea airline software business has been very strong; revenue and profits are growing at 15% as the new airlines progressively migrate onto their system. Cathay Pacific, Scandinavian and Singapore Air have made the shift to Altea in 2012 and the company has signed up another 12 airlines to use the Altea software, taking the total number of airlines contracted up to 122.

The significant new news is the inroads Amadeus is making expanding its business in the US. The US remains the largest single travel market in the world but for historical reasons, Amadeus has had little business in the US, with the market being dominated by Sabre and Travelport. But there are signs this is changing, with a number of recent milestones:

1. Southwest Airlines, the largest US domestic carrier signed up to use the Altea software for its international flight bookings, with the expectation that in time Southwest will also shift its US flights onto Altea. This is a major prize, as despite providing IT for global giants like British Airways and Qantas, Amadeus had yet to sign up any of the major US carriers.
2. Expedia, the largest US online travel agent, have agreed to use Amadeus to process their US air ticket bookings. Previously Expedia had used Sabre exclusively in the US.
3. Kayak, the world's largest air travel search and price comparison website, announced that Amadeus will now provide the data feeds to power their website in the US. Amadeus is now Kayak's main source for pricing and flight data on a global basis.

Overall, the prospects for Amadeus continue to look promising. The stock has performed well, with the price up roughly 40% from our average entry point. Amadeus is now trading on a valuation of 14x P/E, still relatively modest compared to similar businesses in the service sector and we are happy to hold as the company continues to grow.

Outlook

While European markets are not particularly over-valued there are a few reasons to be cautious in the near term. Firstly, we are coming off a very strong run, the leader being Germany with its market up 29% year to date. Secondly, the recent enthusiasm of investors to chase the "laggards" (where investors are buying companies not based on the underlying fundamentals of the business but because those stocks have yet to "go up") tends to signal we could be due for a short-term pull-back.

On that basis we have been gradually selling down some of our better performing holdings where the story has played out and holding higher cash levels. At the time of writing, the Fund is 83% gross invested, with 17% in cash and 9% in shorts, giving a net invested position of 74%.

[1] Think about the new system demands that have been introduced around code sharing with airline alliances, frequent flyer points and charging for ancillary services like checked bags when booking a ticket. These new requirements have stretched the capability of the airlines legacy mainframe systems.

Platinum Japan Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
Japan	91%	88%
Korea	5%	5%
Cash	4%	7%
Shorts	5%	8%

The Fund also has a 10% short position in Japanese Government Bonds.

Source: Platinum

Portfolio Position

Changes in the quarterly long portfolio composition:

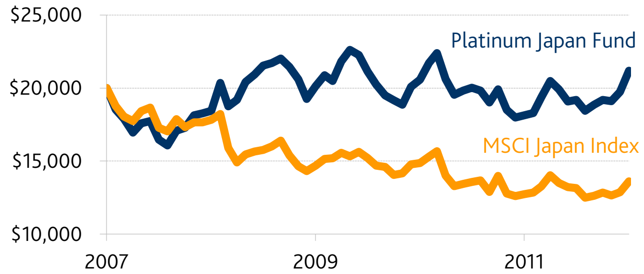
Sector Breakdown

SECTOR	DEC 2012	SEP 2012
DOMESTIC	44%	53%
Retail and Services	14%	21%
Financials	14%	12%
Telco, IT and Internet	8%	12%
Real Estate and Construction	8%	8%
EXPORT	52%	40%
Tech/Capital Equipment	28%	18%
Autos and Machinery	17%	16%
Alternative Energy	5%	4%
Commodities	2%	2%
Gross Long	96%	93%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

Performance

Over the past 12 months the Fund rose 16.8% outperforming the MSCI Japan Index (A$) benchmark by 10% and over the past quarter the Fund rose 10.4% outperforming the benchmark by 4.4%. Over the quarter the MSCI Japan Index in local currency terms rose 17.6%, topping the country league table; the 9.9% decline in the Yen against the Australian dollar, resulted in a much tamer AUD benchmark return of just 6%, similar to Asia ex-Japan and behind Europe. Whilst the Japanese market's annual local currency return was also impressive at 21.6%, in AUD terms it was a paltry 6.8% versus the global benchmark return of 14.7% and investors realise the comparisons don't get better over longer time periods … Japan potentially has some ground to catch-up.

The trigger for the Yen weakness and surge in reflationary policy beneficiaries (property, financial and exporter stocks) was the 14 November 2012 announcement of a lower house election. Initial scepticism regarding the sustainability of the rally in the face of ongoing likely grid-lock melted in the face of the subsequent landslide victory by the Liberal Democratic Party (LDP), winning 293 out of 480 seats. The LDP has formed a government in coalition with New Komeito and now holds the two thirds lower house majority necessary to enact legislation without the approval of the upper house. This is important; the Japanese electorate has just handed the new government the power/mandate, if they wish to use it, to force the Bank of Japan (BOJ) to adopt aggressive reflationary policy or face a potential legislative end to the Central Bank's independence.

In a reverse of the first nine months of the year, where our best performers tended to be domestic growth stocks, our languishing large-capitalisation automotive (e.g. Toyota Motors, Fuji Heavy Industries), capital equipment/technology (Hitachi, JSR) and financial/property stocks generally (Mega banks, Orix and Kenedix) finally leapt to life. Our significant hedge out of the Yen made a large positive contribution for the quarter and shorts were negative.

Amongst the auto stocks, Fuji Heavy Industries (FHI), the maker of Subaru branded vehicles, ended the year as both the best performing stock in the Nikkei 225 and large-cap stock within the Fund. FHI has developed a loyal following for its offering in the US (and smaller markets such as Australia) of affordable, practical motor vehicles with the safety and performance characteristics of much more expensive European marquee brands. The performance is delivered by a relatively unique combination of all-wheel drive and a boxer engine technology which, together with Porsche, makes it only one of two major companies globally to offer this engine type. The company has a well-rounded offering with the Impreza WRX (and recently launched two door BRZ), the younger person's pocket rocket of choice and the Outback (off-road), Forester (family) and Liberty/Legacy (family-performance) successfully extending the brand to meet the needs of the ageing rev-head/outdoorsman or women.

FHI has also benefited from rising market share and lower incentive spending on the back of a new product cycle and, with little exposure to China, has avoided the disruption caused by the well-publicised Sino-Nipponese territorial dispute. Going forward, we expect the newly launched Forester crossover and upcoming Legacy and Outback launches to further benefit earnings. With 80% of Japanese production exported, earnings are highly sensitive to the level of the Yen, the depreciation of which provided a nice final quarter kicker.

Changes to the Portfolio

The portfolio underwent a reasonable makeover during the quarter where our total long exposure rose by 3% and export exposure rose by 12% funded from a combination of cash deployment and sales of our domestic growth stocks that had reached valuation targets. Complete divestments included Calbee (see Platinum Japan Fund June 2012 quarterly report for investment case) and Arnest One, both significant positive investments for the Fund. We also sold our holding in pharmaceutical wholesaler Suzuken at a loss as erratic government regulation prevents the larger wholesalers from exercising market power against suppliers and smaller competitors.

The 12% increase in export exposure included both new ideas and additions to existing positions e.g. Hitachi. We first wrote about Hitachi's corporate makeover in the Platinum Japan Fund March 2012 quarterly report. Once some of the then enthusiasm expressed in the share price faded, we initiated a position and have added to it on any pull-back. This has proved timely from both the perspective of the Yen weakness and the announcement that Hitachi and Mitsubishi Heavy would merge their power systems divisions and create a global leviathan of similar size to respective divisions within Siemens and GE. The fact that two highest-profile heavy engineering companies in Japan with a history of tribal competition have embarked on this journey is a bellwether event for Japan generally and, more specifically, adds credibility to Hitachi's restructuring rhetoric. If the deal leads to a reduction in Japanese fixed costs and an improvement in their global competitive position, it will be held up as the domestically acceptable template for the broader restructuring of Japan Inc which would lead to further opportunities for the Fund. The Japanese Government appears to endorse these deals, downplaying market concentration concerns, as domestic scale is now seen as a necessary prerequisite to global relevance.

The new ideas that have entered our top ten holdings include Ibiden, globally significant manufacturer of CPU/Application processor packages, PCB's and diesel particulate filters, acquired at around 0.6x P/B with a net-cash balance sheet, a great example of the deep-value that has emerged amongst Japan's leading exporters; and Orix, acquired at 0.7x P/B, for the exposure it provides to Japan's nascent property market recovery.

Currency

Our preference for owning the US dollar, Korean won and Australian dollar over the Yen remains little changed. Whilst additional easing from the BOJ would accelerate Yen weakness, there are sufficient terms of trade headwinds and pressure on the domestic corporate earnings (and tax take) to support an ongoing decline in the currency.

Commentary and Outlook

The return of the LDP to government represents the maintenance of the status quo and protection of corporate and bureaucratic vested interest within Japan. Hence, the proposed solution to Japan's economic stasis (whether real or perceived) is more fiscal stimulus (¥200 trillion over 10 years – 4% of GDP pa) and deficit monetisation by the BOJ. With Japan's gross government debt to GDP approaching 200%, the highest in the G20, more fiscal stimulus seems a tad unimaginative, but unlike the US, Japanese voters seem to have no apparent concern with their fiscal plight.

The Japan Restoration Party (JRP) campaigning on a Western style free market platform (see September 2012 quarterly report) enjoyed moderate success, winning 54 seats, the third largest party in the Diet after the LDP and Democratic Party of Japan (DPJ) - the incumbent party of government was crushed winning only 56 seats. However, this understates the JRP's influence on the campaign as the LDP found it necessary to subsume one of JRP's key election policies as its own, the 2% inflation target, and surprisingly, post-election continued to ramp-up pressure on the BOJ. Whatever the LDP stands for, it would seem a weaker currency to reduce the pressure on the corporate tax-take is central to its agenda. Where this becomes a little tricky is that if Japan continues to run both extremely loose fiscal AND monetary policy compared to the US and Europe, the depreciation in the Yen may be larger than that anticipated by Japanese Government boffins. That is, there doesn't seem to be a brake lever on the Japanese Government debt machine, and if the BOJ's printing becomes synonymous with debt issuance and Yen weakness, at some point imported inflation may spook the Japanese Government Bond (JGB) market, the elephant in the room.

We suspect there will be more than a few investors that will take the recent bounce in the Japanese stock market as a chance to reduce exposure – we think this would be wrong. Now that the appreciating trend of the Yen has been broken, the market should move higher as the vast Japanese household balance sheet moves out of bank deposits and seeks inflation protected assets and a currency hedge i.e. listed property stocks and exporters. A valuation target for the market of 1.3-1.5x P/B (the average of the past ten years is 1.5x) seems reasonable i.e. 30-50% higher.

Toyota Motor, the largest Japanese company and holding in the Fund, as a market proxy is a reasonable test for our target. At ¥90, Toyota should earn EPS of around ¥320; at the current ¥4000 share price that values the stock on a P/E of 12x and 1.1x P/B. Some would argue that versus the global auto sector on a P/E of 9x and 1.2x P/B, this valuation is hardly compelling. However, Toyota is a better than average auto company with a fortress like balance sheet, strong finance/leasing business, world leading hybrid technology and a favourable new product cycle. Netting off cash and investments, the stock is trading on a P/E of 7x – with some return of animal spirits within Japan, it would not take much enthusiasm to see this multiple expand to 9x P/E or 1.5x P/B i.e. 30% higher than the current share price.

Platinum International Brands Fund

Simon Trevett Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
Europe	35%	33%
Asia and Other	28%	26%
North America	7%	8%
Latin America	7%	7%
Japan	4%	6%
Africa	1%	1%
Cash	18%	19%
Shorts	6%	7%

Source: Platinum

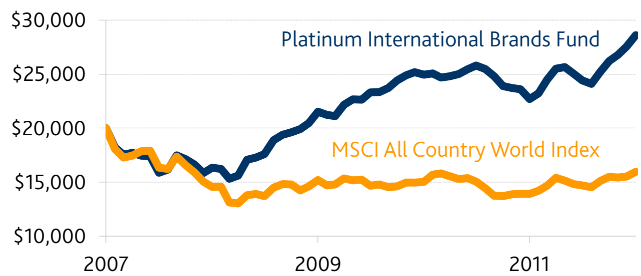
Performance and Changes to the Portfolio

The Brands Fund rose 9.2% in the quarter ahead of the 3.1% return made by the MSCI World Index. The 12 month performance of the Fund at 26.1% was significantly ahead of the Index.

The Fund's holdings in India continued to make gains with United Spirits gaining from the involvement of Diageo. Also in India, Jet Airways along with some other of the Fund's positions, benefited from an increased interest by foreign multinationals in expanding their presence in India.

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

In Europe, the performance was varied with holdings in the UK performing well, notably the investment in Enterprise Inns, while those in France and Germany mostly detracted from the performance. BMW stood out as an exception with a gain of more than 20% in the quarter.

Other notable contributors to performance this quarter include Grendene, a Brazilian footwear company and Vietnam Dairy, both of these highlighted for their performance in the last quarterly report. Over the 12 months, Grendene doubled in value and Vietnam Dairy gained more than 60%.

The only other significant change to positions in the Fund was to sell the investment in Japanese snack food company Calbee, having seen an 80% rise in the share price since the stock was acquired in February.

Commentary

The quarter has been characterised by an increase in activity by multinationals in several of the Fund's emerging market holdings. The interest in United Spirits by Diageo has been the subject of speculation and debate for several years and is perhaps less indicative of any underlying trends or signposts to future developments.

However, this wasn't the only holding of the Fund to benefit from such external factors. Typically, in periods of increased uncertainty and recession there is the inevitable and necessary process of reorganisation, retrenchment and purging of the excesses of the previous expansionary phase. This is often accompanied by substantial changes in the ranks of senior corporate management which, post the house-keeping, provides for the development of new plans and objectives.

There seems to be an increasing willingness by companies to take advantage of the current very low cost of debt funding and to pursue opportunities in growing markets. Whether that is by acquisition or joint venture, the stronger companies are starting to make use of their competitive advantages. There are tantalising signs that the reluctance of company boards to engage in planning for the future, as opposed to reworking the past, is thawing, with commentary appearing about where the opportunities might be for both lower costs and growing markets.

The cautious approach is plainly still evident with a propensity for management to prefer the safer options of expanding joint ventures or increasing their interest in existing subsidiaries or associates. In this respect, the Fund has two investments where the parent company is seeking to increase their stake, in one case to fully delist the subsidiary.

The fundamental consideration, whether by investors or corporate management, is to identify which consumers, and where, are in a position to provide some growth opportunities of substance. On the one hand in some emerging markets there is still a migration from poverty giving rise to opportunities to provide basic household items. At the other extreme, there is the indulgence of new found wealth with luxury brands. Interestingly, the middle classes in these developing markets are giving rise to extraordinary extravagence in the purchase of cars, cosmetics, technology and a host of consumer products that would have been considered improbable only a few years ago.

The choice for this Fund is whether to gain exposure to these consumers through an investment in a multinational or directly into an emerging market. The Fund's approach has been to pursue both avenues depending on the balance of price and risk. Indeed, within the quarter the Fund added to its holdings in Casino, the French listed retailer with a majority of earnings from Latin America and Asia.

The Fund has also held small positions in Zimbabwe, the brewer Delta being the main holding. In considering the viability of investments in such markets, ranging from Zimbabwe to Pakistan, the Fund has sought those companies where there is a multinational involved and some degree of reporting creditability and supervision.

In keeping with this, the Fund has started to accumulate two more holdings in Africa, outside of Zimbabwe. There has been something of an exponential change in the purchasing power of the African consumer. We believe this is driven by several factors: substantial foreign investment in infrastructure to meet the burgeoning demands of the resource industries; massive new discoveries particularly in energy; and the facilitation by the Internet and mobile devices of access to information thereby empowering both financial and labour mobility.

The adoption of mobile phones, at a phenomenal rate, has facilitated a growth in consumer transactions that were previously denied or at least tediously difficult. As an example, the 'M-Pesa' system operated in Kenya facilitates the transfer of funds across the mobile network such that money can be easily transferred back to families in remote towns or villages. Shop, or rather local kiosk style vendors, can accept payment for low value transactions through the system, thereby obviating many of the current difficulties with lack of physical currency and the giving of change.

To provide some perspective on this, the company operating 'M-Pesa' notes that transactions *between* customers on the network are growing at 32% pa! Whilst this is a transaction flow, the quantum of these are, by comparison, equivalent to some 30% of Kenya's GDP.

Outlook

The Fund has recently benefited from the willingness of market leading companies to utilise both their operational and financial strength to increase their access to growing markets, albeit in relatively conservative ways. The opportunities to invest with, or ahead of, multinationals in growing markets continue to be available and at prices that are relatively attractive; especially when compared to the valuations on offer for some of the market's favoured iconic consumer defensive stocks.

Notwithstanding the recent strength in the equity markets, there remain significant hurdles and challenges to be addressed in the major markets. Accordingly, given that this may well result in a degree of volatility in the markets, the Fund will continue to maintain a cash balance that is perhaps higher than the level of confidence or investment opportunities might suggest.

Platinum International Health Care Fund

Bianca Ogden Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
Europe	39%	37%
North America	27%	27%
Japan	4%	5%
Asia	1%	1%
South America	1%	1%
Australia	1%	1%
Cash	27%	28%
Shorts	2%	4%

Source: Platinum

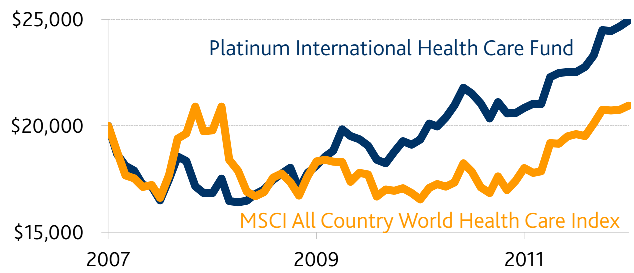
Performance and Changes to the Portfolio

The Platinum International Healthcare Fund advanced 1.8% for the quarter, with the MSCI World Healthcare Index increasing 1%. For the year, the Fund was up 19.6% versus the Index which advanced 16.3%.

It was a good year for biotechs and pharma alike. New drug approvals were at high levels for the second year in a row. Judging by the flow of new data throughout the year, innovation is set to continue for years to come. On the agenda for the coming year are: oral combination drugs for the Hepatitis C virus; a change of guard in respiratory disease; new classes of cancer drugs; oral drugs for Multiple Sclerosis and Rheumatoid Arthritis; and if that is not enough, we may finally see new Alzheimer drugs. In summary, the outlook is good.

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

Sanofi has been a good performer for the Fund and continues to be well-positioned in emerging markets. At Sanofi, these markets are "companies" in their own right. Take Latin America for example, a region that is home to 8% (600 million) of the global population and according to Sanofi, over 30 distinct markets. Sanofi generates over €3.3 billion in this region, has 10 manufacturing sites and employs over 10,000 people. There is a lot of growth to come and from a recent analyst day held in Brazil, Sanofi has done its homework, hiring local knowledge and acquiring local champion brands. We believe, and have done for some time, that emerging markets are a serious opportunity for pharma companies and will play a crucial role in the re-emergence of these companies.

Several of our biotech holdings more than doubled this year. Infinity Pharmaceuticals was our best holding. The company reported good data for its PI3Kinase inhibitor. There has been a lot of excitement for this drug target but so far medicinal chemists were struggling to hit this kinase in the right way. We liked the medicinal chemistry expertise at Infinity and after a number of setbacks, Infinity now has a very sought-after asset in its pipeline.

PerkinElmer also did well during this year. The company is a gradual performer; slowly growing its sales while improving returns. It specialises in technologies and equipment that allows testing of a wide range of things such as detection of disease in newborns, detection of contaminants in water, air and food, as well as helping scientists to test new drugs. Over recent years, PerkinElmer has gradually expanded globally and added new technologies along the way. We believe the company has a lot more to offer than it is given credit for and we added to our holding.

Europe is a region where we are seeing a lot of biotech and pharma promise, despite all the headlines about doom and gloom. Thrombogenics has done well for the Fund, doubling over the past 12 months. During the quarter we trimmed some of our winners and added a number of new companies. One company has a strong antibody expertise, something that is a highly desirable asset. The other newcomer is an old acquaintance who has battled with patent expirations but has now reset its portfolio of drugs for the central nervous system.

Commentary

Respiratory diseases are on the rise globally. While targeted therapies have made steady inroads in treating cancer, the situation for Asthma and Chronic Obstructive Pulmonary Disease (COPD), the two big respiratory ailments, has been less exciting. Scientists have been deciphering the cellular and molecular signalling pathways that lead to respiratory issues but available animal models and biomarkers are not ideal making the clinical development path more unpredictable.

No doubt progress will be made in years to come but for now the focus remains on better control of symptoms and preventing the disease from getting worse, and it is here that things are about to get very interesting.

For the past decade a handful of drugs and companies have dominated this area but those incumbents are about to face competition. COPD is now a clear focus. This is different to 1999 when COPD was labelled the most underfunded disease in relation to the global burden of diseases.

There are over 200 million COPD sufferers globally. The disease develops over time and is characterised by chronic inflammation of the airways that lead to irreversible destruction (emphysema). Lung function declines rapidly and ultimately leads to premature death. Smoking, pollution and poor diet all play a role in COPD, often called "smoker's disease".

The mainstay of treatment for COPD are bronchodialators that open up the airway. There are two classes; long-acting muscarinic antagonists (called LAMA[1]) and long-acting beta agonists (LABA[2]). The gold standard and only approved LABA is Boehringer Ingelheim's Spiriva (sold in alliance with Pfizer with global sales of over $4 billion). The other COPD drugs are LABAs combined with corticosteroids (GSK's Advair and AstraZeneca's Symbicort). Both drugs are well-known Asthma therapeutics, Asthma drugs Advair (GSK) and Symbicort (AstraZeneca).

1 LAMA: blocks nerve endings and causes airway smooth muscle cells to relax, making breathing easier.

2 LABA: activates a receptor on smooth muscle cells resulting in airway smooth muscle cell relaxation.

These three drugs combined generate almost $10 billion in COPD sales; a nice portion of sales that other companies now want to participate in. Indeed the race is now on to develop LABA/LAMA combinations and ultimately one molecule that combine the activities of LABA/LAMA (so-called MABAs). This will be a significant step in managing COPD.

Novartis and Forest (with partner Almirall) are the COPD newcomers. Novartis has assembled a solid line up of new drugs. Its once-a-day LABA is now available (albeit at lower doses in the US) and can compete with Spiriva, as well as being given in combination with Spiriva. This is a nice start for Novartis to build its presence and pave the way for its LAMA and LABA/LAMA combination, as well as the LABA/corticosteroid combination in Asthma over the coming years.

Forest (in alliance with Spanish Almirall) is the underdog. A US biotech with no prior COPD exposure and obviously less financial resources than pharma. Its LAMA was approved in 2012 but has to be taken twice a day, not ideal commercially. The LABA/LAMA combination could be available by 2015. This is the crucial asset and AstraZeneca may take notice as the LABA component is from AstraZeneca's Symbicort.

Similarly, AstraZeneca may also watch closely what Pearl Therapeutics, a small private US biotech is doing. Pearl is also combining Astra's LABA with its own LAMA. This private company is quite conspicuous for its activity in launching earlier respiratory drugs.

GSK and Boehringer Ingelheim have their own combinations but their commercial positions are unclear. GSK (together with biotech Theravance) has accelerated the filing of its new LABA/LAMA combination to beat Novartis to the US market. Neither drug components are approved making this a risky strategy. Boehringer should have its own LABA approved in 2013 but it is nearly two years behind with a Sprivia/LABA combination.

These are interesting times for COPD and a big opportunity for pharma to use their clinical development and marketing strength to expand this market.

We see Novartis having put together a solid clinical program and line-up of drugs. We see the company gradually becoming a force to be reckoned with in COPD, while Forest may have to consider seeking help from the likes of AstraZeneca to compete effectively.

COPD reminds us of diabetes several years back when we successfully invested in US Merck. The company was new to diabetes but had the right new asset (DPPIV inhibitor) and clinical development program, while the incumbents (GSK was one of them) were behind. Today, Merck has a solid position and its diabetes franchise generates $5.5 billion in sales. There is no reason to believe that a similar scenario will not play out in COPD, a market that will expand given its current dynamics.

Outlook

We continue to look for such new disease themes in healthcare. Emerging markets are a key ingredient for growth and for us a priority to understand and be exposed to. Biotechs will continue to feature in the Fund as will personalised diagnostics; all assets that are part of long-term healthcare globally.

Platinum International Technology Fund

Alex Barbi Portfolio Manager

Disposition of Assets

REGION	DEC 2012	SEP 2012
Asia	34%	36%
North America	19%	19%
Europe	18%	17%
Japan	6%	3%
Africa	1%	0%
Cash	22%	25%
Shorts	1%	2%

Source: Platinum

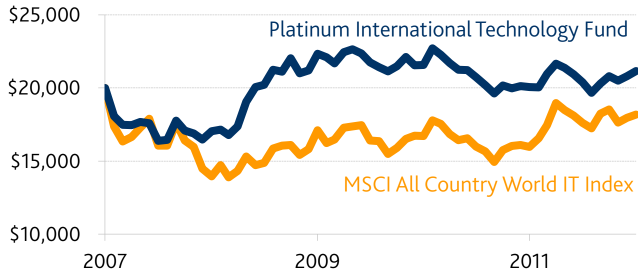
Performance and Changes to the Portfolio

The Fund's value rose 1.7% during the quarter, while the MSCI World Information Technology (A$) Index fell 2%. Over 12 months, the Fund has recorded a 5.4% return while the Index rose by 13.9%.

During the quarter the best performers in the Fund were the optical networking/component makers (Ciena and O-Net Communications), the Korean stocks (Samsung Electronics, KT Corp and Melfas) and Taiwan Semiconductor Manufacturing Company. Amongst the laggards were the more defensive telecom operators such as Vodafone and Far Eastone Telecom, and China Internet portal, SINA Corp.

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 36.

Commentary and Outlook

After witnessing the launch of the first very expensive GSM digital mobile phones in Europe more than two decades ago, and their rapid proliferation in Europe in the early nineties, we are now amazed at how technology has evolved and made these devices affordable to billions of people.

With an estimated 2.5 billion mobile phones sold on the planet this year we have come a long way from those early bulky devices. Technology has constantly advanced and we are now embracing the 4th generation (4G) of mobile phone communication standards. The most popular one now being adopted is the so-called Long Term Evolution (LTE) technology, which for the first time does not support traditional circuit-switched telephony service but only all-Internet Protocol (IP) based communication i.e. data packets. What does this mean?

It means that the proliferation of smartphones and tablets connected to the Internet will fuel even faster growing data traffic through a network optimised for data and it will make these gadgets faster and more user friendly.

So what are the benefits of 4G? For the mobile phone subscriber the advantage will be mostly in faster download speed when accessing the Internet. LTE networks have a (theoretical) downlink peak rate of 300 Mbit/second which is 20 times faster than 3G networks technology available four years ago. Without entering into the specific details of LTE, the key point to understand is that its main advantage is its better spectral efficiency i.e. higher amount of data that can be transmitted over a portion of spectrum, often expressed in bps/MHz = bits per second/Megahertz.

This will not only make the Internet browsing experience easier but it will facilitate the adoption/consumption of more data-intense applications (video downloads, video-conferencing, online gaming etc).

Please bear in mind that "theoretical" speeds are … well … theoretical and what you experience in real life will almost certainly initially be slower than nameplate speed, as telecom operators design and build their networks considering also its economic viability (ability to charge higher price for a better service) and other technical factors (coverage, capacity utilisation etc).

Carriers are facing the challenge of declining voice revenues and rapidly increasing data traffic. Ericsson estimates that by 2017 there will be 5 billion mobile broadband subscribers globally (versus 1.1 billion in 2011) with 50% LTE coverage (on global population) and 85% 3G coverage. Data traffic is projected to grow by 15 times or around 60% pa, a figure consistent also with what Cisco is predicting for data to grow at 70-80% between 2011 and 2016.

Some analysts compare telecom operators to airline carriers in that airlines buy aircrafts from Boeing and Airbus. In fact, mobile operators buy their networks from the likes of Ericsson, Huawei, Nokia-Siemens and Alcatel-Lucent and even their network maintenance in some instances. The availability of radio spectrum licenced to service providers is a form of barrier to entry similar to the landing slots allocated to airline carriers in each country. Both industries were once dominated by state monopolies and later privatised, with new entrants increasing the level of competition. However, this is where the similarities end.

Unlike airlines, the barriers to entry in telecommunications are higher. Firstly, capital requirements are higher in telecom as networks are generally built and owned, not leased like aircraft. Secondly, spectrum allocation in a country is more difficult to obtain than landing slots, which can be partially augmented by smaller regional airports, as low-cost airlines have successfully demonstrated.

For the above reasons, one way for a telecom operator to establish a sustainable competitive advantage is to build a superior quality network through investments in spectrum and leading-edge equipment.

So will telecom operators invest in more capacity and better networks in future years? The answer is yes. Those who can afford it will because they have no alternative and if they don't, their competitors will.

In the US this quarter we witnessed a series of events/announcements suggesting that telecom operators are determined to spend their dollars on their networks. Mobile carriers have started putting their dollars to work in order to accelerate their LTE networks rollouts. Sprint Nextel Corp has recently received a US$20 billion investment from Softbank Corp which has ambitions to replicate in the US what it achieved in Japan. AT&T announced US$14 billion of additional investments over three years, 60% of which dedicated to wireless. Deutsche Telekom, which has underinvested in its US subsidiary until now, announced it will increase its capital expenditure to US$4.8 billion in 2013, up from US$3.2 billion in 2012.

The recent North American race to invest surely depends on the renewed competitive tensions emerging in the US but it may not be an anomaly. In fact, LTE networks are rapidly being rolled-out across the globe. According to Deutsche Bank's estimates, in November 2012 there were 128 commercial LTE networks in operation globally, up from 49 in May 2012.

Currently, there are 45 million LTE subscribers across the globe and the estimates are that 120 million LTE handsets will have been shipped by the end of 2012. Samsung and Apple alone are expecting to deliver 275 million LTE phones in 2013 and if we add the smaller manufacturers there could be 360 million LTE-enabled phones sold next year!

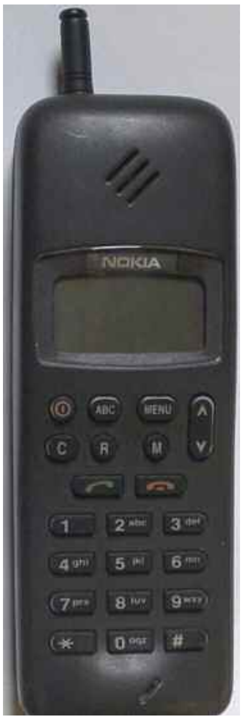
To cope with this incoming data avalanche, network operators will have to increase coverage and capacity in their networks and invest in faster and more efficient LTE equipment. At the same time, handset, laptop and tablet manufacturers are re-designing and upgrading their devices to incorporate the new technologies, creating strong demand for a variety of components (Dynamic random-access memory, touch panel displays, batteries, sensors, power amplifiers, application processors etc).

The investment theme of smartphones and LTE is probably the most important one for technology in 2013 given the number of sectors and companies involved and that is where our research efforts are currently directed.

Large cap technology stock valuations remain extremely attractive compared to their history and to smaller cap stocks and the Fund remains positioned accordingly. Among the Fund's holdings, Samsung Electronics trades at 10x P/E for 2012 after growing earnings 20% this year. Similarly, Microsoft trades at 9.7x P/E for June 2013 and Cisco trades at 10.3x P/E July 2013.

Nokia 1011 GSM phone

Specifications: Weight 475 grams!, talk time 90 minutes



Source: http://nokiamuseum.info/nokia-1011/

Samsung Galaxy S III LTE

Specifications: Weight 133 grams, talk time 507 minutes (22.5 hrs)

Source: http://images.samsung.com/is/image/samsung/hk-en_GT-I9305TADTGY_015_faceup_white?$Download-Source$

Glossary

Earnings Per Share (EPS)
An indicator of a company's performance. It is calculated by dividing the company's after-tax earnings by the number of shares on issue to highlight the profit earned in terms of each share.

Gross Domestic Product (GDP)
The primary indicator used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period.

Japanese Government Bond (JGB)
A bond issued to investors by the Japanese Government, denominated in Japanese yen. Currently JGBs (10 year) offer a yield of about 0.8%. Bond prices have an inverse relationship to bond yields. This means that falling bond prices denote rising yields and vice versa. If the economic outlook in Japan begins to improve and long-term interest rates rise in Japan, JGB prices will fall. By short selling JGBs, the Platinum Japan Fund is positioned to benefit from an improvement in the Japanese economy.

MSCI Indices
Varying indices compiled by Morgan Stanley Capital International (eg. World, Asia, Healthcare etc) that are designed to measure equity market performance across different regions and industries.
Platinum does not structure its investment portfolios relative to a benchmark, however, the MSCI indices are used as a reference to determine how each Fund is performing in relation to the total market opportunity in which it invests.

Outright Monetary Transactions (OMT)
Denotes the European Central Bank's purchases ('outright transactions') in secondary, sovereign bond markets, under certain conditions, of bonds issued by Euro zone member-states.

Price to Book Ratio (P/B)
The ratio of a company's current share price to its current book value. Book value is the sum of a company's total assets minus its total liabilities and intangible assets. The P/B is used as an indicator of the value of a company by comparing its share price to the amount of the company's assets that each share is entitled to.

Price to Earnings Ratio (P/E)
The ratio of a company's current share price to its per share earnings. The P/E is used as an indicator of the value of a company by comparing its share price to the amount of per-share earnings the company generates.

Quantitative Easing (QE)
A monetary policy used by Central Banks to increase the supply of money by increasing the excess reserves of the banking system.

Short Selling or Shorting
A transaction by which an investor is able to generate profit from a fall in the price of a particular company or market index. To generate such a profit an investor borrows securities and sells them, then when the price has fallen, the investor repurchases the securities at a lower price and returns them to the lender.
Platinum utilises short selling of stocks and indices for risk management (that is, to protect a Fund's Portfolio from either being invested or uninvested) and to take opportunities to increase returns.
Short selling is not undertaken for the Platinum Unhedged Fund.

Please utilise the "What's New" page
on our website,
http://www.platinum.com.au/Whats_New.htm
as a reference point for
updates and announcements.


Investments and
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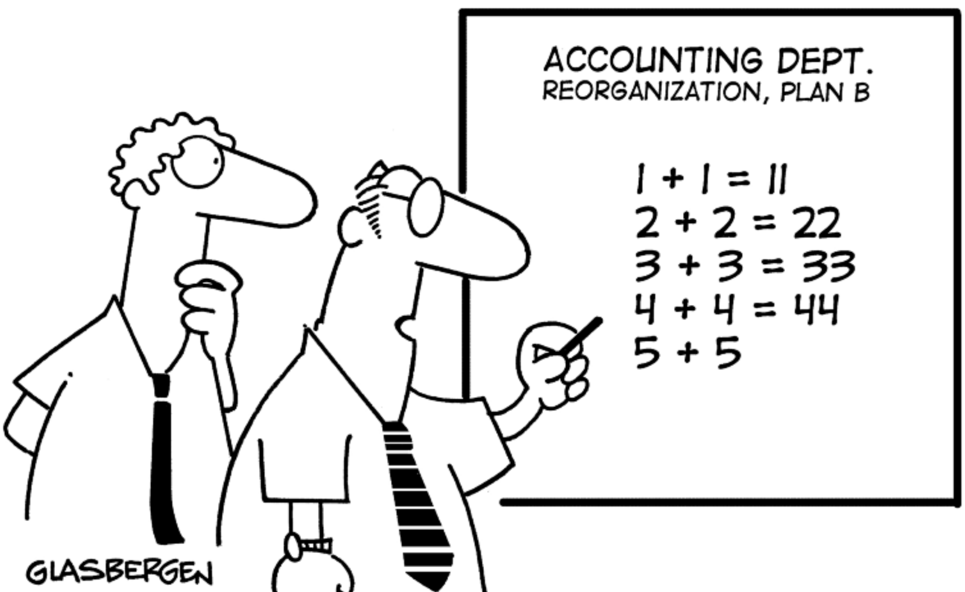
GLASBERGEN
“All of my money is tied up in futures:
Next month’s mortgage payment, next week’s
car payment, tomorrow’s groceries...”

"I'M JUST SAYING, IF OUR INCOME IS 'FIXED', HOW COME WE'RE 'BROKE'?"



"For years, we've been playing by old rules and the results have been dismal. It's time for a bold new direction!"

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 historical 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).

   The inception dates for each Fund are as follows:
   Platinum International Fund: 30 April 1995
   Platinum Unhedged Fund: 31 January 2005
   Platinum Asia Fund: 4 March 2003
   Platinum European Fund: 30 June 1998
   Platinum Japan Fund: 30 June 1998
   Platinum International Brands Fund: 18 May 2000
   Platinum International Health Care Fund: 10 November 2003
   Platinum International Technology Fund: 18 May 2000

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in the relevant Fund over five years from 31 December 2007 to 31 December 2012 relative to their Index (in A$) as per below:
   Platinum International Fund - MSCI All Country World Net Index
   Platinum Unhedged Fund - MSCI All Country World Net Index
   Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index
   Platinum European Fund - MSCI All Country Europe Net Index
   Platinum Japan Fund - MSCI Japan Net Index
   Platinum International Brands Fund - MSCI All Country World Net Index
   Platinum International Health Care Fund - MSCI All Country World Health Care Net Index
   Platinum International Technology Fund - MSCI All Country World Information Technology Net 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.

3. Long invested position represents the exposure of physical holdings and long stock derivatives. The net invested position represents the exposure of physical holdings and both long and short derivatives.

Disclaimer

MSCI Inc Disclaimer

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 $17 billion, with approximately 14% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders.

Since inception, the Platinum International Fund has achieved returns of three times 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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New Zealand only

Or visit us at our office

Level 8, 7 Macquarie Place, Sydney

* Please refer to page 2.

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