Platinum International Brands Fund

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Disposition of Assets

REGION	MAR 2011	DEC 2010
Europe	35%	36%
Asia and Other	24%	27%
North America	8%	7%
Japan	6%	7%
Latin America	5%	6%
Cash	22%	17%
Shorts	7%	7%

Source: Platinum

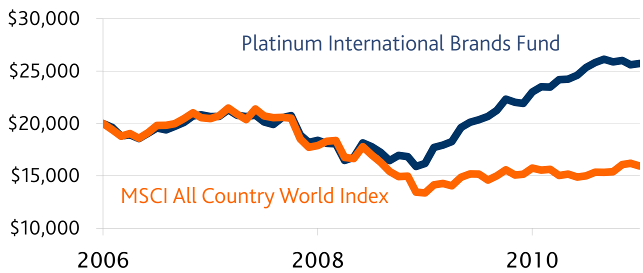
Performance and Changes to the Portfolio

The MSCI World Index gain of 3.5% in the quarter was well ahead of the Brands Fund 0.6% decline. Detracting from the Fund's short-term performance were the Asian region stocks, specifically investments in Hong Kong and India.

The Fund has a relatively low position in Japan with the largest holding, Nintendo, proving to be quite resilient albeit with the stock continuing to languish below our entry point. Nintendo are in the midst of a worldwide rollout of their new 3D portable gaming device which appears to be continuing to plan. The launch of the device in Japan met expectations, however, the subsequent sales of the device and associated games have understandably been impacted with the company redirecting their focus to international markets. Nintendo should also be amongst those that ultimately benefit from the decline in the Yen.

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



Source: Platinum and MSCI. Refer to Note 2, page 4.

The Fund held short interest positions in the Indian Nifty Index, however, this only partially offset declines in our larger holdings. United Spirits share price declined significantly, a major detractor from the Fund's performance. The company invested in bottle manufacturing facilities. Against global comparatives this would seem inconsistent and a poor allocation of capital, especially with the company and the holding group carrying high levels of debt. The complexities of the Indian market, ranging from the state based tax structures through to the reliability of electricity supply (glass making is an intensive user of energy), suggest the benefits of controlling an essential component of the final product will ultimately outweigh the short-term balance sheet and share price concerns. The Fund added to the investment during the quarter.

Against the backdrop of difficult home markets, the US household multinationals are increasingly focused on the developing markets, especially those that have been noticeably under-represented or absent from the faster growing markets. Procter & Gamble's determination to catch up and build market share in India through sporadic price wars and intense competitive activity inevitably puts significant pressure on all the participants. The Fund has sold a relatively small position in Colgate India preferring to accumulate a new holding in a local jewellery company.

Several investments were sold, mostly positions that were relatively small or where the investment case has been reflected in the share price. The Fund has added to existing investments, for example Pepsi and China Resources Enterprise (Snow Beer and retail chains) amongst others, where there is higher long-term conviction and the weights in the Fund were relatively low.

Twelve month performance of the Brands Fund at 11.8% continues to be ahead of the MSCI World Index at 1.3%. This Index continues to be negative over three years with a decline of 3.8% per annum compared to the positive 11.8% pa three year return of the Brands Fund.

Commentary

Pepsi's plans and progress continue to trouble investors. Coke offers the simplicity of a clear focus on its core brands backed by well-developed marketing depth that has been successfully applied to both its core mature markets and the higher growth emerging markets. Pepsi on the other hand has disappointed investors with their earnings reports, reduced their financial outlook and presented a somewhat confusing strategy for those more attuned to the seeming simplicity of selling increasing quantities of Coke. As a consequence Pepsi's valuation is at significant discount to Coke's.

Pepsi has disappointed over recent years with various missteps on key brands and regions. So their promise of future success by meeting a shift in consumer preferences to healthier products has been met with a degree of cynicism. The acquisition of the Russian dairy company Wimm-Bill-Dann raised concerns of further large acquisitions and Pepsi's previous mixed success with acquired brands such as Gatorade. Russia is now Pepsi's largest international market and while the acquisition could stand on its own merits it also gives Pepsi a new platform to address the 400 million consumers in a variety of ways with their existing snack and beverage products.

Pepsi has revenues of more than $60 billion and a market capitalisation of $100 billion placing them amongst the largest of the consumer food and beverage companies. Approximately 20% of revenues can be classified under the healthier heading, notably juice (Tropicana, Naked), grains (Quaker Oats) and now dairy and within the core business there is ongoing development of more natural or *healthier* alternatives to the fat, sugar or salt laden products of the past.

The inevitable unforseen risks of new ventures and certain missteps along the way are also a matter of price. At the current valuation, the Fund has added to the position with a degree of confidence in the inherent consumer themes of greater focus on nutrition and the increasing importance of emerging markets over the US domestic market. Losing share to Coke in the large US carbonated soft drink market warrants close attention albeit within the context of a declining market. For Pepsi, it is a question of a balance between protecting earnings from the mature markets whilst developing the new, be that products or geography.

We received a poignant reminder this quarter that our view of stock prices and valuations can often lack a broader context. The French luxury goods giant, LVMH Moët Hennessy • Louis Vuitton S.A., has purchased the 100+ year old Italian jeweller Bulgari at a 60% premium to the share price. At €4.3 billion it is their first major acquisition in a decade and one of the largest in the luxury goods arena for many years. We were disappointed not to have been shareholders in Bulgari but nonetheless reassured that the Fund has a number of other attractively placed luxury goods companies. Similarly the family owned *Hermès* has been viewed by the market as extraordinarily well-valued but that has not deterred the astute Mr Arnault of LVMH from building a 20% stake in recent months.

No doubt the widely underestimated and seemingly insatiable demand for luxury brands from China plays a large part in Mr Arnault's determination of the price he is willing to pay. Perhaps equally pressing might be the thought of having to compete for these acquisitions with someone with much deeper pockets and broader objectives.

"We will encourage the best firms to acquire or build up overseas operations and to license or acquire famous global brands in order to obtain international recognition and improve the image and competitiveness of Chinese products."

Commerce Minister Chen Deming, 7 March, Fourth Session of the 11th National People's Congress in Beijing.

Outlook

The headlines of the world press have not been encouraging for investors. Each of the major regions has significant worrisome concerns attached to them; unemployment in the US, sovereign debt woes, austerity measures and associated riots of Europe, oil price concerns and civil unrest in the Middle East, inflation and slowing activity in China and so forth.

Such woeful headlines have often proven to provide opportunistic moments for the Fund to acquire at attractive prices. There are a variety of investments the Fund is monitoring closely with a view to buying at better prices. In the meantime the Fund will continue to enthusiastically explore the global opportunities in the knowledge that many of the underlying themes are still in the early stages of development. We are also encouraged by the unusually candid remarks of Chinese Commerce Minister Chen Deming on both international expansion and luxury goods tariffs.

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$20,000 invested in the relevant Fund over five years from 31 March 2006 to 31 March 2011 relative to their Index (in A$) 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.

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