PLATINUM INTERNATIONAL BRANDS FUND

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PERFORMANCE AND CHANGES TO THE PORTFOLIO

The Fund was not immune from the broad market declines and fell 5% in the quarter. For the year the Fund has achieved a return of 27%. The MSCI World index returned -5% and 21% for the quarter and year respectively. Rather than focus on the returns of the past year or two and perhaps harbour expectations of these becoming the norm, we would encourage investors to consider them in the light of the returns achieved over a much longer time frame.

Only a handful of stocks, mostly European based, showed a positive return in the quarter with the majority of our investments showing declines of between 5 and 15%. Our Indian investments, a small proportion of the Fund, showed the greatest declines. These weak performances have been partially mitigated by the Fund's short position, especially on the Indian market index, the Nifty. Notably, the Fund has been increasing the level of cash held from 17% at the beginning of the year to the current 28%. Whilst providing a useful buffer in declining markets it also positions the Fund to take advantage of opportunities presented during periods of undue weakness in the markets.

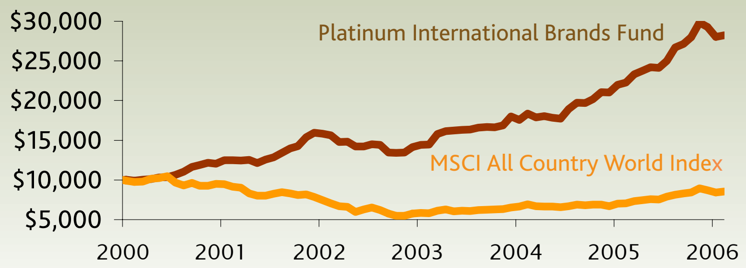
We have sold our investment in Nintendo which partially contributed to the reduction in the Fund's weighting towards Japan. Although we have added a little to our existing investments in Japan, the Fund has been more active in Europe with 37% of the Fund now invested there, up from 27% a year ago.

DISPOSITION OF ASSETS

REGION	JUN 2006	MAR 2006
EUROPE	37%	34%
OTHER ASIA (INCL KOREA)	16%	23%
JAPAN	15%	18%
NORTH AMERICA	4%	5%
CASH	28%	20%
SHORTS	2%	4%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2006



Source: Platinum and Factset. Refer to Note 2, page 5.

We returned to Adidas during the quarter. We had previously been shareholders for many years and sold following their acquisition of Reebok last year and our concerns as to the motive and consequences of such a move. This is discussed further in the commentary below.

We have also introduced Singapore Airlines to the Fund, one of the world's leading airlines and certainly one of the most recognised airline brands. In an industry which struggles to make a return on capital and has seen many failures, Singapore Airlines has shown a consistent and superior return. Yet due to a raft of concerns, many of which we believe are transitory, its valuation is below that of the global airline sector. We have also observed more generally that higher quality companies are being inconsistently valued compared to far lesser quality businesses; this may be an attractive starting point for our investment into a quality company with a long track record of sound decisions and innovation.

COMMENTARY

Long standing investors in the Brands Fund may recall that Adidas-Salomon was one of the first investments of the Fund to be written about with the September 2000 Quarterly Report commentary supported by a terrific chart of the stock based in Deutschmarks (the link can be found at: http://www.platinum.com.au/images/pibfqtr02.pdf)! It's a good example of our process at work. The stock price reflected the neglect of the brand and was overly discounting any potential for a new management team to revise the performance of the brand and the company's fortune.

We patiently held on for many years and made good returns until the acquisition of Reebok, a move that caused us to question our confidence in the strategy of the company and our understanding as to where we were headed. Why the focus on the US when so many other opportunities abound to build the Adidas brand? Did it signal a lack of confidence in the brand or were the ambitions of Nike in Europe more of a threat than we had appreciated? Would the management team disproportionately weight their attentions to the US, at the expense of other opportunities? We continue to harbour our concerns that Reebok will prove to be a greater distraction than is being contemplated.

Acclaimed as the "biggest media event ever", the World Cup has proven to be an enormous success for the brand Adidas. Just consider for a moment the perspective from the vantage point of the players, a sea of chanting spectators indistinguishable other than as a uniformed crowd. A record three million jerseys were sold by Adidas, more than twice that achieved for the 2002 Cup! The supporters have responded well to the media imagery and faithfully conformed to the face painting and requirement to wear their team uniform. It's fascinating for us to watch the herd behaviour, the desire to follow the crowd and the joy that comes with the momentum of successive wins. Adidas has sold over 15 million of the World Cup soccer balls worldwide, again more than twice the previous six million record of the 2002 World Cup.

This trend by the spectators to adopt the team colours is significantly more pronounced than at previous events, evidenced by the substantial uplift in Adidas sales. We would doubt that either the players or the fans would consider, even for a moment, the logistical support that must be in place to deliver such a substantial increase in volumes, at short notice, across a supply chain that extends to Asia. Look for the Adidas stripes on the Australian cricket team this summer!

It is of some concern though that Nike recently commented that wage rises in Asia are starting to become noticeable and impact margins.

One of World Cup soccer's long standing sponsors, Coca-Cola Inc has been noticeably quieter than Adidas about their relative success at the games. Having been sponsors since 1978 they have optimistically renewed the agreement until 2022. We suspect that Coca-Cola Inc will look quite different at that time. We sold our investment in Coca-Cola in 2002 and since then the share price has declined by a further 20% as the structural weaknesses of 'the coke system' have been exposed.

Coca-Cola Enterprises (CCE) is the largest of the Coca-Cola bottlers and sells more than 20% of the worldwide volumes, covering 75% of the US, Canada and parts of Europe. A new CEO joined in May and has since publicly articulated a number of the concerns that we identified when we sold our investment.

The consumer trend is clearly away from the traditional carbonated soft drinks (csd) and towards healthier options; water, juice and the sports drinks. Surprisingly and most concerning for Coke, it is the core "teenager" group that have been noticeably reducing their consumption and, for some years now, have been migrating towards sports and energy drinks. A combination of health concerns, image and parental control are at work.

Consumers switching out of soft drinks are more than twice as likely to switch to bottled water as to a diet version. This trend has been evident for many years. In response, Coke's emphasis appears to have been on stemming the decline, through flavour and diet launches, rather than embracing the future.

Probably causing some discomfort to Coke, the new CEO of this major bottler has communicated an intention to fill the gaps in his product portfolio and that this may be from suppliers other than Coke Inc. Also that the highly prized and conserved direct distribution system may also be supplemented with other systems, perhaps a reference to the current demands by WalMart for warehouse, rather than direct to store, delivery of Coke's Powerade sports drink. The thought of warehouse delivery is an anathema for Coke, and its system of (in)dependent bottlers, as it relinquishes access to and control of the product at the store shelf. Coke is unlikely to withstand the pressures of WalMart and will have to contend with the lawsuits from the balance of their US bottler network.

The CEO also astutely observes that the relationship with Coke has been challenging and that the focus should rather be on the consumer and not on fighting with each other. There is clearly a degree of corporate manoeuvring taken in his position. Consistent with our prior observations, Coke has abused the bottler system and this must be redressed before the real task of meeting the desires of consumers can be properly tackled. We suspect Coke will ultimately need to buy back its bottlers in order to capture the growing economics of distributing a wider range of products. This will not be kind to the Return on Equity for Coke's shareholders.

It's not just that their major bottler has publicly exposed the flaws; Coke Inc is struggling with a number of inherent conflicts. "Exclusive" customers such as McDonald's need to compete with competitors including Starbucks, and are placing further demands on Coke for a wider range of (healthier) products. We are not convinced that the introduction of Coca-Cola Blak (a mixture of Coke and Coffee) to McDonald's is anything other than Coke Inc. continuing to focus on lost Coke sales rather than meeting a growing consumer demand for alternative beverages.

We are not suggesting that Coca-Cola Inc or the Coke brand won't be relevant in 2022, merely that "Coke" still has many challenges to overcome and at a valuation that continues to reflect a belief in the current Coke system. We would prefer for now to be observers rather than participants despite the halving of the share price from its peak in the late '90s.

OUTLOOK

Many consumer based companies have been through years of restructuring with a focus on meeting increases in earnings per share through cost cutting. The impact of higher commodity costs and some wage inflation have further intensified their activities. In the short-term the market has tended to reward these performances, enjoying the defensiveness of apparently predictable earnings growth. We have preferred to hold a cash position and would rather direct our attention to companies with clear growth prospects and a balanced approach to their business. Currently our attention is directed towards domestic Japan and more generally opportunities across Asia. Are consumer branded businesses still attractive to own? We believe so and would point to the price paid ($16.6 billion) by Johnson & Johnson to purchase Pfizer's consumer unit, predominantly the Listerine brand.

NOTES

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

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

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

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

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

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

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

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

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

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

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

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

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