Platinum International Brands Fund

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Disposition of Assets

REGION	SEP 2012	JUN 2012
Europe	33%	33%
Asia and Other	27%	23%
North America	8%	8%
Japan	6%	7%
Latin America	7%	6%
Cash	19%	23%
Shorts	7%	6%

Source: Platinum

Performance and Changes to the Portfolio

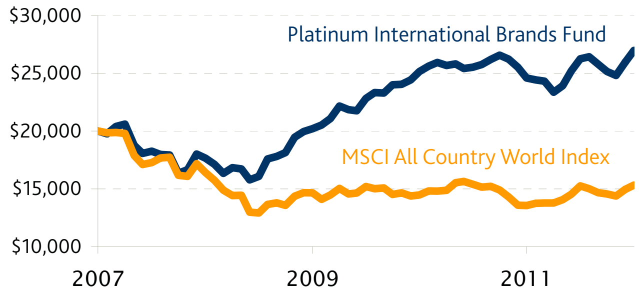
The Brands Fund rose 7.2% in the quarter, lifting the 12 month performance to 9.7%. By comparison, the MSCI World Index increased 5.3% and 13.1% respectively.

The Fund's investments in the major markets of the Asian region; Hong Kong, China and Japan continue to be poor performers offset, in part, by strong returns from investments in Pakistan, Philippines and India.

The holdings in India have been a notable drag on the Fund's performance over the past several quarters, however, much of that was recovered this quarter.

Value of $20,000 Invested Over Five Years

30 September 2007 to 30 September 2012



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

There were two triggers. United Spirits, up over 40% in the quarter and continuing strongly on confirmation that, this time, Diageo really was in talks with Dr Mallya's United Breweries Group. It would appear that the entrepreneurial Dr Mallya might finally have reached an intractable funding crisis forcing more drastic solutions. There is no doubt that Diageo have had an ongoing interest in United Spirits; as always though it is a matter of price, complicated by whether Diageo's desire for a stake sufficient to control the company can be accommodated by Dr Mallya.

There was further encouraging news from the Indian government suggesting that policy paralysis is not sustainable and protective investment restrictions on foreign companies are, selectively, being relaxed. There is still much to be done to increase the attractiveness of investing in India!

Other notable contributors to performance this quarter include Grendene, a Brazilian footwear company and Vietnam Dairy. The Fund increased its position in both these companies earlier this year, with Grendene now one of the Fund's larger positions and Vietnam Dairy making a more meaningful contribution. Recent discussions with other multinationals has been encouraging in respect of both these investments and incidentally, reinforced the virtue of patiently investing when there is little interest being shown by the markets.

In the case of Vietnam Dairy, building a position takes time and those less patient are now finding it rather difficult, with approaches to us at above market prices for our shares.

The Fund held a relatively small position in Google which, after an impressive surge during the quarter, was sold. There is no argument on the merits of investing in Google, or selectively some of the other highly branded technology stocks, merely that the Fund has preferred to secure the recent gains.

Interbrand's recently released 2012 Best Global Brands report, highlights the dominance of technology names amongst the top ranks. Half of both the top 10 and top 20 names are technology companies with, unsurprisingly, Apple surging strongly to second spot behind Coca-Cola. As Interbrand's ranking uses financial performance as one of the factors, it is generally not an overt indication of undervalued or neglected investment opportunities.

Commentary

Interbrand's report makes note of two other trends that the Brands Fund has also utilised. The resilience of luxury brands despite the current economic landscape, with success increasingly dependent on exemplifying a brand's global consistency and authenticity.

Their other observation, albeit somewhat self evident in the current environment, is the increasing importance to the consumer packaged goods companies of developing markets for successful growth. This has been amply demonstrated this quarter, with direct relevance to some of the Fund's holdings. As noted above, Diageo clearly has some appetite for the Indian market leading spirits company. Beyond the obvious impact on the Fund's holding in United Spirits, two smaller positions in the United Breweries group have also benefited.

Heineken's dependence on a joint venture for access to Asia was brought into stark relief with the possibility that the arrangement might abruptly end. Heineken has prevailed in acquiring the joint venture, albeit with a somewhat unplanned $4.5 billion use of the cheque book, further highlighting both the necessity and difficulty of maintaining operations in emerging markets. Heineken was able to raise $3.25 billion at rates up to 4% and periods out to 30 years to finance gaining control over a strongly growing business and a future in Asia; an outcome that we would regard as attractive for the longer-term. The financial markets would seem to agree; Heineken's share price rose 25% in the quarter.

The Fund has indirect interests in Heineken, notably through the 20% stake held by Fomento Economico Mexicano SAB de CV (FEMSA). Over the past decade Heineken has not done well for investors, especially over the past five years while they absorbed the Scottish and Newcastle acquisition and its effect of increasing their exposure to deteriorating Western markets. More recently with acquisitions in Mexico and now Asia there is the potential for a deeper reassessment of their emerging market capabilities, and by implication their prospects for growth.

Similarly, Casino Guichard-Perrachon, the French retailer, further cemented its developing market position by gaining management control of the market leading retailer in Brazil, **Grupo Pão de Açúcar**. There has been an ongoing focus by analysts on the debt levels of Casino, the structural weakness of the hypermarket format in France and a reluctance to evaluate the Brazilian acquisition until much greater certainty and detail is evident.

Set against a backdrop of recession, stressed debt markets and a listing in France, where a newly elected government is increasing corporate taxes, it is hardly surprising that Casino isn't listed amongst the markets most favoured investments.

The Brands Fund has, for some time, held positions in Casino's subsidiaries in Thailand and Colombia, more recently acquiring shares in Casino as we have come to better appreciate the dynamics and construct of this group and in particular, their cash generative capabilities.

We had occasion to discuss with Nestlé their progress with the Chinese confectionary company, Hsu Fu Chi, a past holding of the Fund they acquired from us when establishing their joint venture. Not only are Nestlé evidently very enthused with their involvement with Hsu Fu Chi but highlight it to showcase their ability to engage successfully in joint ventures, alongside that of their other Chinese venture with Yinlu Group.

Nestlé is without doubt one of the world's leading multinationals and yet during both our discussions, and at their recent presentations to international investors, it is evident that from Palais Nestlé in Vevey, the vista remains one of abundant opportunity. The challenge for the Fund, much as it is for Nestlé, is to acquire the right opportunity at an appropriate price.

Outlook

There seems to be an increasing willingness by companies to take advantage of the low cost of debt funding and to pursue opportunities in growing markets. Whether that is by acquisition, joint venture or capital expenditure, the stronger companies are starting to make use of their competitive advantages. As is typical in periods of recession, there is a period of retrenchment and reorganising while the excess of the past expansionary phase is purged before once again looking to new markets, be that products or geography.

Perhaps though, and as a natural consequence of the uncertainty and unpredictability around what financial administrators and politicians might say or do, there has been an increased caution and reluctance on the part of management to seize opportunities. There would appear to be some signs of this thawing as companies assess where they can capture opportunities for both lower costs, especially labour and funding, and growing markets.

The Fund is acutely attuned to the willingness of market leading companies to utilise their advantageous position. The Fund will continue to seek those opportunities in both developing and developed market listings with, as has been the case, a keen sensitivity to the price on offer.

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$20,000 invested in the relevant Fund over five years from 30 September 2007 to 30 September 2012 relative to their Index (in A$) 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.

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