Platinum International Brands Fund

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Disposition of Assets

REGION	SEP 2015	JUN 2015
Asia	31%	28%
Europe	28%	26%
North America	11%	10%
Latin America	7%	7%
Japan	7%	6%
Africa	2%	2%
Russia	1%	1%
Cash	13%	20%
Shorts	-2%	-4%

Source: Platinum. Refer to Note 3, page 4.

Performance and Changes to the Portfolio

(compound pa, to 30 September 2015)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund	-3%	13%	16%	11%	13%
MSCI AC World Index	-1%	16%	22%	14%	2%

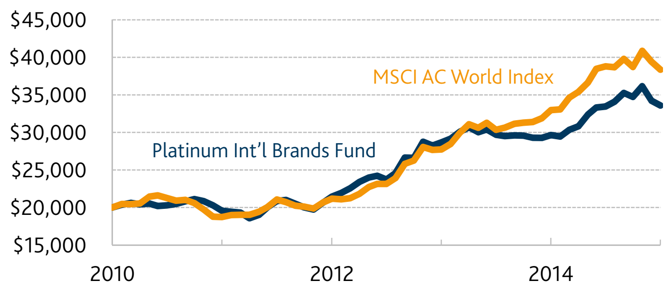
Source: Platinum and MSCI. Refer to Note 1, page 4.

The performance of the Fund at +9% for the year to date is slightly ahead of the MSCI AC World Index (+8% in AUD terms). An apparently consistent and unremarkable performance other than for noting that this has been achieved with a net invested position of about 80%, of which approximately half is invested in companies listed in emerging markets.

Over the longer term the Fund has outperformed both the developed and emerging market indices, more recently though, with the portfolio positioned approximately equally

Value of $20,000 Invested Over Five Years

30 September 2010 to 30 September 2015



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

between developed and emerging market listings, along with the cash position, the Fund has been unable to match the strength of the developed markets indices.

Clearly, investors have been prepared to pay a premium for the perceived lower risk of a recovering US market whilst relentlessly selling their emerging market investments. The short positions in some emerging market stocks also increased, at times quite dramatically over recent months.

It is during such times when there has apparently been an exodus driven by an overwhelming consensus of opinion that the underlying operational fundamentals of specific companies can be temporarily set aside by the market. The Fund has been adding cautiously to the French supermarket retailer **Casino**, along with its Latin American subsidiaries.

During the quarter the Fund switched its position in **Pepsi** to **Coca-Cola**, triggered in part by ongoing evidence that Coca-Cola is starting to address some core challenges. They are potentially in the early stages of addressing years of underperformance whilst explicitly acknowledging that changing consumption patterns and adverse media on sugar and obesity require a more accommodating strategy.

More 'portion control', that is smaller pack sizes at higher prices, could have an unanticipated positive impact on their profitability. Coca-Cola would appear to be a long way behind the broader consumer goods industry in this thinking, having relentlessly pursued volume increases.

Commentary

Casino, the French retail group along with its Latin American subsidiaries has seen its price fall dramatically, almost halving over the past year. There have been several high profile concerns, not only the recession and increasingly dire economics in Brazil, but the level of debt, associated credit rating, complexity of the group and ability to continue to pay a dividend that yields in excess of 6%. The complexity of the shareholding structure of the group, with its high level of minority interest (external shareholders) in the subsidiaries, has increasingly given rise to concerns about the parent company's access to the cash flow necessary to service the debt and dividend payments.

Several of these concerns have recently been commented on by the CEO and CFO, giving rise to a reassessment by analysts on the relative weighting to apply to each of the headline worries. It is perhaps due to the very complexity of the group and the apparent acute relevance and urgency of each of the concerns voiced by the market that the past record and actions of this management team were afforded insufficient consideration.

The immediate concerns of a downgrade of the credit rating to below investment grade giving rise to an increase in the cost of debt exacerbated concerns on their ability to continue to pay an attractive dividend. A reorganising of shareholding in Latin America will see €1.7 billion return to France, and reduced capex in France along with the benefit of several years of repositioning their domestic retail formats should ensure that the French operations can cover their cash requirements, including servicing the dividend. Beyond that, there remain several opportunities to sell assets should there be a need to further protect the credit rating. In the foreseeable future, the dividend is therefore much less exposed to the currency movements of the emerging market subsidiaries. A recent review by S&P has confirmed the credit rating with a stable outlook along with positive comments on the resilience of the Brazilian operation.

The management team has therefore been able to provide some reassurance on the more immediate concerns of the market. However, there remains the question of why invest when much of the prospects of the group are closely tied to the performance of their Latin American subsidiaries. Notwithstanding the concerns of the market, Casino is one of the highest cash generative retailers and has an attractive growth rate supported by the operations in regions currently being eschewed.

Recessions can challenge weaker participants and provide opportunities for market share increases and acquisitions by those with the capacity to manage for the longer term. Brazil is a large market, 100 million consumers with only three major competitors and a large independent market that will further struggle as the government continues to enforce regulatory compliance and tax collection.

We also note that the management team has indicated a willingness to simplify the group structure, albeit this could be entirely unpredictable in form and timing from an external perspective. We would, however, expect to see a near term recovery in the share price as the debt, credit rating and dividend cover concerns abate.

In a world struggling with the prospect of low growth, we remain convinced that the prestige beauty market will continue to provide the leading participants with attractive growth possibilities. Sephora's stores, staffed independently of the cosmetics companies and arranged by category (unlike the department stores), have proven successful with the younger generations seeking a higher emphasis on learning. This bodes well for their expansion in China where they plan to open 20-30 stores per year and expand their reach from around 60 cities to perhaps 150.

This success of Sephora with the younger generation has not gone unnoticed by Estee Lauder as they attempt to engage the 'Millennials' (those born between 1980 and early 2000s) with their heritage brands Estee and Clinique. M.A.C has been a phenomenal success for the company. However, as this demographic is expected to transform many aspects of the interaction (social media, online purchasing), it is crucial that they also engage these consumers with the heritage brands. To that end, Sephora will play a role as will the introduction of Kendall Jenner as a new spokes-model. At 19 years old, with 15 million Instagram followers and in demand by leading fashion brands, she's well placed to introduce the Estee brand to a new generation.

In the meantime though, Estee notes that by 2017 the "Ageless Consumer" – those aged over 50 years – will represent more than half of the US' population and control 70% of the nation's disposable income. The company is clearly excited by the significance of this opportunity whilst also expecting that emerging markets will nearly double from 14% of the business to 25% over the next decade.

Outlook

The Fund's net invested position has increased over the course of the past quarter and will likely continue as the Fund takes advantage of some much lower prices on offer, especially in the emerging markets. It is likely that as we have seen more recently, some of the Fund's positions that have been subject to market selling and with high short interests could perform quite strongly in the short-term.

Notes

1. The investment returns are calculated using the relevant 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: 28 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

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

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in the relevant Fund over five years from 30 September 2010 to 30 September 2015 relative to its benchmark index (in A$) 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

   The investment returns are calculated using the relevant 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 benchmark 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. Invested position represents the exposure of physical holdings and long stock derivatives.

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