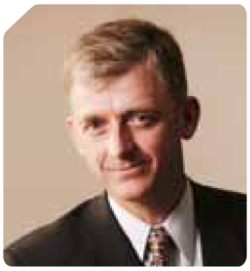
PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

The Fund achieved a return of 2.6% in the quarter slightly behind that of the MSCI World Index of 3.3%. Over a twelve month period the Fund has achieved a return of 12.2% compared with the MSCI of 12.6%.

In a continuing trend and as highlighted in the previous quarterly report, the overall returns of the Fund have been negatively impacted by the appreciation of the Australian dollar, particularly against the yen. The performance of the stocks in their native currencies was again stronger than is apparent from the overall returns.

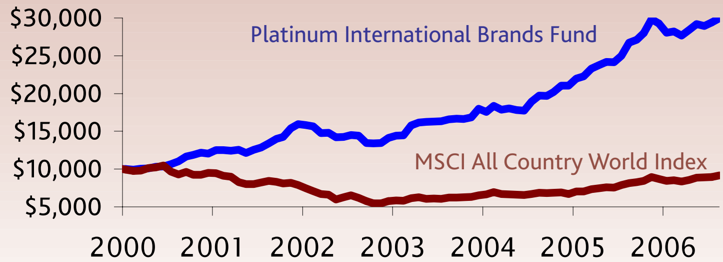
The Fund was active in the Asian markets this quarter making investments in a variety of companies including Sony, Kweichow Moutai (China) and Vietnam Dairy. Kweichow Moutai, producer of the famous Chinese spirit 'Moutai', has been growing strongly in recent years and has been unaffected by the equally strong enthusiasm for western spirits. The stock appreciated sharply in the quarter from an already rather robust valuation and we sold the position. We will continue to have exposure to the strongly growing Chinese spirit market through our investments in Pernod and Remy Cointreau.

DISPOSITION OF ASSETS

REGION	DEC 2006	SEP 2006
EUROPE	33%	34%
JAPAN	23%	20%
OTHER ASIA (INCL KOREA)	20%	19%
NORTH AMERICA	5%	9%
CASH	19%	18%
SHORTS	9%	4%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 DECEMBER 2006



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

The Fund acquired and continues to own shares in Vietnam Dairy which also performed exceptionally well towards the end of the quarter, as Vietnam became the latest El Dorado for investors. A number of other investments in Asia have done well in the quarter including Toyota and Astra International (Indonesia) up over 20%.

In Europe, the Fund's investment in Remy Cointreau appreciated in excess of 20% as the company announced an untangling of its distribution arrangements and became the subject of takeover speculation. They may well join a larger organisation in due course; however, in the meantime we prefer to watch the progress of the management team with a company that many had regarded as quite lost.

The investment in companies listed in France has grown to 15% of the Fund. These are international companies such as L'Oreal, Pernod, Clarins, Carrefour etc and although they all have operations in France it is not their domestic businesses to which we are necessarily attracted. Given our ongoing concern about valuations we have introduced a short position against the French CAC index.

VINAMILK

COMMENTARY

There is significant debate and experimentation to determine how best to advertise on the Internet. Transaction oriented products and service companies such as mortgage or credit card providers perhaps find this relatively easy, akin to buying an entry in the yellow pages. But what of companies that want to build a brand and maintain an aura or personality about their imagery?

We have been examining more closely advertising and marketing on the Internet and particularly the possibilities for the social networking sites such as MySpace (bought by News Corp in 2005). MySpace proudly claimed in August 2006 that they had surpassed 100 million accounts. To put that in context, Avon, with one of the world's largest direct selling networks, has five million representatives to talk about their products. It's not a fair comparison but just imagine, along with the heads of marketing departments, what might be achieved if the MySpace community were to discuss or even adopt your 'must be seen with' product. There are of course many other sites where companies, brands and products are discussed and not always very favourably. For companies that seek to *control* their messages and *lead* their (prospective) customers this can be extremely irritating and potentially quite damaging.

We have a keen interest in understanding how a website such as MySpace, which was founded in July 2003, can grow to such a size in only three years and along the way change hands for $US580 million. Similarly, YouTube which was only founded in February 2005 changed hands in October 2006 for a staggering $US1.65 billion. Can the next MySpace or YouTube be identified amongst the thousands of new websites? The odds would appear to be against it but that shouldn't preclude us from investigating emerging trends, especially when they develop 'communities' five times the population of Australia in seemingly a mere instant. What of the impact on existing industries such as the traditional media companies and the branded goods companies? Can we discern trends and signposts that can assist our investment decisions? Will MySpace have longevity? Is it truly driven by the user community to evolve and stay relevant or will the Internet tribe just migrate to the next emerging 'place to be seen'?

"*Coke fountains*", featured in a short video appearing on the Internet and on the chat shows of mainstream TV has set off a craze. Achieved by putting a Mentos into a bottle of Diet Coke which erupts into a spectacular fountain, this practice has rapidly caught on as a fun, competitive activity. Coke's reaction was to initially dismiss the "buzz" as "an entertaining phenomenon" and to say …"that they would hope that people want to drink more than try experiments with their products … it doesn't fit with the brand personality". The Mentos owners on the other hand, had the opposite reaction and encouraged the attention, even promoting a competition. It seems that having some fun appealed to them! A month later Coke concluded that this might actually be a good thing, provided that it was on their website. More command and control style thinking …

It is clear that companies that are trying to protect brand imagery are struggling with the concept that consumers can generate *and propagate* their own views and imagery involving brands. Brand owners are also acutely aware that *word of mouth* recommendations are still amongst the most powerful means of building a brand and that *word of mouth* now extends to written words and videos on the Internet.

Some companies have experimented with using consumer generated advertising in conjunction with that from their professional teams. The outcomes are mixed and would seem to suggest that once again the companies are trying to control the final message, either by restricting the creativity along the way or by purporting to be consumer driven, when in reality it is entirely driven by the same professional teams. Consumers are astute at evaluating whether companies are genuine with their products and messages. Respected and valuable brands have a genuine consistency between the products and the messages, regardless of where and how the messages are generated.

We have previously lamented the lack of spending on true research and development amongst consumer companies. This results in an inevitable stream of pseudo innovation that invariably fails to maintain its position on the shelf. Those companies that have maintained their investment in developing products and reputations that consumers can trust and recommend, by whatever means, have unsurprisingly also tended to be good investments.

Lindt and Sprungli shares have been owned by the Brands Fund since April 2002 with a steady appreciation that has yielded a threefold increase on our original investment. Whilst the competitors including Hershey, Cadbury, Nestlé and others, may be defined by their ability to save costs through refining the ingredients list or trimming the packaging, Lindt has maintained an enviable rate of growth.

The competitors have scrimped and economised on packaging, product sizes, and ingredient quality, generally detracting from the consumer's enjoyment of the product. Lindt, in contrast, and against the prevailing industry trends, has improved the packaging, increased the product quality and continued to launch interesting new products with a determination to delight and enhance the consumer's experience with the brand. The growth of the company and the strength of the brand equity, we believe, can be attributed to Lindt's more than 150 years of commitment to producing the highest quality products. As with the product, an investment in the shares of any of the competitors would have fallen significantly short of the performance of Lindt.

Likewise many readers will be aware of our enthusiasm over the years for Toyota. We have written recently about their lead in the development of hybrid vehicles although we should also acknowledge their commitment to their complete product range through a relentless focus on research and (manufacturing) process development. It probably won't surprise anybody to learn that over the next 12 months, Toyota is likely to surpass GM in the sale of vehicles globally, to take the market leading position.

So once again we are reminded that the key to the success of companies is the product to which creative marketing can be applied. We must remain circumspect in cases where we suspect the reverse.

OUTLOOK

We remain concerned that the valuations of many consumer goods companies already anticipate improved earnings and in many cases the benefit of the robust growth of consumerism in Asia. It is likely that this will continue, however, we are cautious and will maintain some partial protection through short positions on indices. The cash position of the Fund at 19% also provides flexibility to take advantage of opportunities as they arise, such as the recent volatility in the Thailand market where the Fund has a small investment.

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.