Platinum International Health Care Fund

Bianca Ogden Portfolio Manager

Disposition of Assets

REGION	MAR 2012	DEC 2011
North America	35%	33%
Europe	34%	31%
Japan	4%	4%
Asia	1%	1%
South America	1%	1%
Australia	1%	0%
Cash	24%	30%
Shorts	3%	3%

Source: Platinum

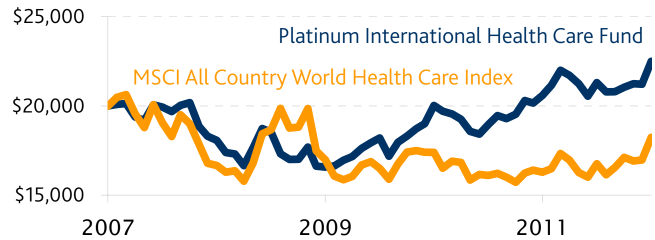
Performance and Changes to the Portfolio

The Platinum International Health Care Fund advanced 9.3% for the year, while the MSCI Health Care Index rose 12%. For the quarter, the Fund advanced by 6.9%, while the Index increased 6.5%.

The biotech sector continues to do well and will remain a core holding in our Fund. Our most recent addition to the portfolio, Thrombogenics (see previous quarterly report), has already added to our performance over the past three months. Thrombogenics entered a very lucrative deal for Microplasmin with eye disease leader Alcon (part of Novartis). Microplasmin could not be in better hands and it is good to see that a very experienced company sees value in a product we felt was undervalued.

Value of $20,000 Invested Over Five Years

31 March 2007 to 31 March 2012



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

For the year, the Fund benefited not only from our strong biotech holdings but also from our tool companies. German-based Sartorius in particular added significantly to our performance (up over 50% for the year). This company provides tools for biomanufacturing as well as weighing equipment for lab and industrial purposes. As is often the case with German companies, the product and service offering is of the highest quality but the profitability is lagging its US peers. Sartorius was no different, and in recent years, has done all the right things to improve its business. Today the company has grown sales and earnings in a very competitive way as the most recent earnings release illustrated.

A disappointment has been French company Ipsen. The company terminated its diabetes drug program and is currently assessing what to do with its primary care business. Management changes have occurred and Ipsen is slowly reassessing its options. It is a good company, not overly expensive but will need some time to get back on track. At this stage we are happy to wait and enjoy a dividend; a rarity in biotech.

We exited our position in Cepheid, a provider for molecular diagnostic tests. This company has been part of the Fund for some time. It developed an easy to use diagnostic instrument and over the past 18 months successfully launched the product. The story is well-covered and we have made a very decent return over the past couple of years (+400%). At eight times sales we feel that our money is better invested elsewhere.

The high cash position of the Fund has slowed our performance. However, outstanding opportunities at reasonable prices are rare in healthcare, particularly at times of frequent acquisitions in the market. On a recent visit to Europe, we met with many new companies and have started to put some cash to work.

Commentary

“Was lange währt, wird endlich gut“ meaning “good things come to those who wait”. This describes perfectly what has happened to pharma. It has taken years rather than months but numerous restructuring efforts, together with several acquisitions and licensing deals have today placed pharma in a good position. Most companies are entering a new stage of their lifecycle after many years of remoulding their structures. In the meantime, profits have not collapsed; cash generation has continued to be strong and the research and development (R&D) engine is running again - maybe not at full speed yet but productivity is on the rise and drug approvals are forthcoming globally.

Despite patent expirations being at their highest level, big pharma (at least some of them) has been doing something right. Even the market cannot ignore such progress anymore and has started to look beyond patent expirations.

Over recent years these companies have undergone significant changes. Some have been bold such as divesting divisions or completing significant acquisitions, while others have been more subtle and often coincided with senior personnel changes which is something we track closely.

In a nutshell, these companies have adjusted their cost structure (see graph on page 29 of combined R&D and selling, general and administrative (SG&A) budgets of US pharma companies).

Manufacturing sites have been consolidated, sales forces are being reduced, pipelines have been cleaned out and R&D budgets are being managed a lot more carefully. This has in no way stifled progress; to the contrary, the outlook for the majority of pharma companies has improved.

The quality, rather than quantity of pipeline assets has risen. The late-stage decision making process within the companies has been overhauled. Management layers have been removed and the process now takes into account not only the efficacy and safety of a new product, it also assesses carefully the commercial potential of a new drug vis-à-vis competitors, along with its potential to be reimbursed by payors. Remuneration schemes have been adjusted accordingly; staff will be rewarded once a product gains approval AND receives a positive reimbursement decision by the relevant agencies. As Roche told us, under the new decision making process several recent failures would have not been allowed to enter phase 3 trials. There is no longer room for 'me-too' drugs in today's market place.

Pharma has accepted that biotech continues to be an essential ingredient for pharma's success and the relationship between the two has become a lot more sophisticated. Previously, big pharma simply acquired an equity stake and expected to run the show. More often than not this 'barging in' approach did not result in a commercial product; it resulted in write-offs. Today, lessons have been learned; equity investments are rare while Joint Steering Committees are almost standard. At the same time, biotechs are now more likely to retain options to co-promote the product in certain territories.

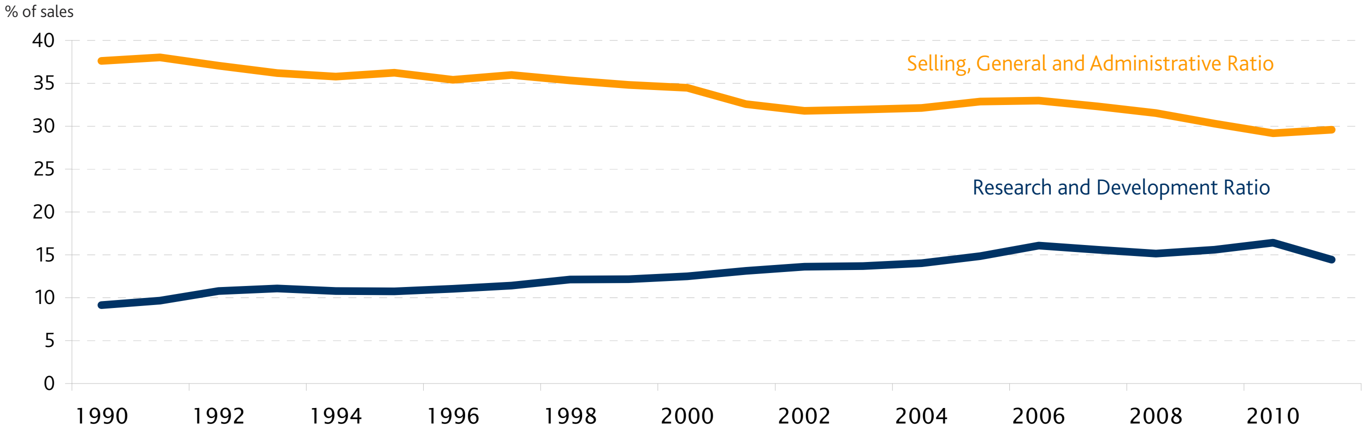
Acquisitions will continue as externally sourced opportunities are now firmly part of the growth strategy. Pharma has learned how to use its cashflow more efficiently; making up-front payments to biotech specialists has been found to offer an elegant solution to exploring new potential drugs.

Large acquisitions, some may call them transformational, are more or less behind us and those in process are approaching completion. The benefits from these acquisitions (e.g. Sanofi will have an outstanding position in Latin America) will soon become visible and contribute growth as well as cash. Debt levels will decline quite rapidly, dividend payments will continue to rise and gradually the 'patent' hole will become a distant memory.

Outlook

As for the past year, biotech will continue to set the tone in healthcare. Innovation is done in these small to mid-sized companies and we will continue to make sure we understand the complexity. The diagnostic sector continues to be an area that is lagging and valuations are getting more and more interesting, not just for us but also for a corporate acquirer, we suspect more consolidation is to come.

US Pharma* Sales Ratios (1990-2011)



* Merck & Co, Pfizer, Eli Lilly, Bristol Meyer Squibb, Johnson & Johnson

Source: Company Annual Reports and Factset

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$20,000 invested in the relevant Fund over five years from 31 March 2007 to 31 March 2012 relative to their Index (in A$) 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.

Disclaimer

This publication has been prepared by Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management (Platinum®). It contains general information only and is not intended to provide any person with financial advice or take into account any person's (or class of persons') investment objectives, financial situation or needs. Before making any investment decision you need to consider (with your financial adviser) whether the information is suitable in the circumstances.

Platinum is the responsible entity and issuer of units in the Platinum Trust Funds® (the Funds). You should consider the PDS and Supplementary PDS in deciding whether to acquire, or continue to hold, units in the Funds. You can obtain a copy from Platinum's website, www.platinum.com.au, or by phoning 1300 726 700 (within Australia), 02 9255 7500, or 0800 700 726 (within New Zealand), or by emailing to invest@platinum.com.au.

No company in the Platinum Group® guarantees the performance of any of the Funds, the repayment of capital, or the payment of income. The Platinum Group means Platinum Asset Management Limited ABN 13 050 064 287 and all of its subsidiaries and associated entities (including Platinum).

MSCI Inc Disclaimer

Neither MSCI Inc nor any other party involved in or related to compiling, computing or creating the Index data (contained in this Quarterly Report) makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI Inc, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the Index data is permitted without express written consent of MSCI Inc.