Platinum International Health Care Fund

Bianca Ogden Portfolio Manager

Disposition of Assets

REGION	MAR 2013	DEC 2012
Europe	41%	39%
North America	28%	27%
Japan	4%	4%
South America	1%	1%
Australia	1%	1%
Asia	0%	1%
Cash	25%	27%
Shorts	2%	2%

Source: Platinum

Performance and Changes to the Portfolio

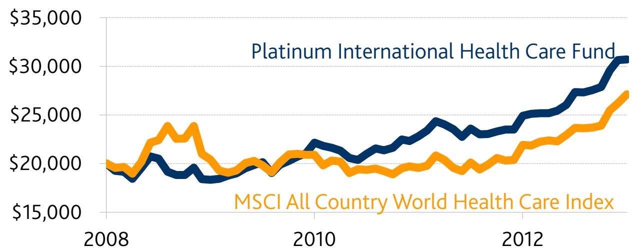
(compound pa, to 31 March 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Int'l HC Fund	10%	23%	11%	9%	6%
MSCI AC World HC Index	13%	24%	9%	6%	4%

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

Value of $20,000 Invested Over Five Years

31 March 2008 to 31 March 2013



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

Healthcare continues its exciting time with companies like Johnson & Johnson (JNJ) trading at an all-time high. The company is steadily growing, divestments are being considered, while its pharma division continues its recovery with the approval of a new diabetes drug.

In general most pharma companies have entered the recovery phase and continue to perform well (our pharma holdings are up 15% on average).

Biotechs are very much in favour as new product cycles are indeed real, signalling good growth prospects for the industry in years to come. Medtech companies are also gaining ground reporting more stable patient flows, while pharma is no longer dominated by the patent cliff.

Acquisitions and divestments in healthcare continue; our Chinese trauma device maker, Trauson, was acquired by US device company, Stryker; while Pfizer successfully completed the first step of its animal health spin off (20% of the business is now publically listed).

Product launch stories in biotech are back on people's radar screens with Ironwood Pharma's new prescription constipation drug, Linzess, doing a lot better than expected, while Incyte's Jak inhibitor also surprised (Ironwood +60%; Incyte +37%).

Qiagen also performed above average this quarter (+19%). Results this quarter demonstrated that Therascreen, Qiagen's molecular diagnostic brand that will be sold alongside drug therapies, is now the next growth platform for the company.

Personnel changes in pharma are always worthwhile to watch. At Novartis, Dr Vasella retired this quarter as Chairman; the clearest signal yet that the post-Vasella era is finally here. As his replacement, Dr Reinhardt will return to Novartis. Dr Reinhardt used to be COO at Novartis but left in 2010 to supervise Bayer's research and development. We understand that Dr Reinhardt always wanted to stay on at Novartis and in our view his strategic approach and follow-through will be a long-term benefit for the company.

This quarter we added to AstraZeneca and Lundbeck. Both companies have serious patent problems which are reflected in their valuations. We see value in AstraZeneca's respiratory and diabetes franchise as well as antibody expertise. At Lundbeck we see a company that is one of the last biotechs investing into depression and schizophrenia with the help of a Japanese partner.

Commentary

The notion of using antibodies[1] as a therapeutic has been the nirvana of drug developers.

In the 70s, the structure of antibodies was discovered. Scientists progressively refined their understanding and began to grow monoclonal antibodies in petri dishes. In the 80s, humanisation techniques became available removing the potential side effect that murine antibodies exhibited. By the mid-80s, the first monoclonal antibody was approved and by the late 90s, the antibodies that dominate the top 10 global drugs today were approved.

Today, six out of the top 10 global drugs are antibody therapies generating almost $46 billion in sales last year. The excitement around this drug class is set to continue, as pharma companies stock-up on antibody drugs and technology. However, more importantly we are about to enter stage two of antibody therapy with the approval of **Antibody Drug Conjugates (ADC)** and the emergence of more potent antibody molecules or fragments thereof (e.g. nanobodies).

ADCs combine the specificity of the antibody world with the cell killing ability of the anti-cancer small molecule world. The antibody carries a potent chemical drug and essentially functions like a 'guided missile' delivering the payload right to where it belongs, inside a tumour. The idea is to spare healthy cells, while the cancerous cells get the full impact of the cancer drug.

[1] Antibodies are produced by our immune system. They identify and neutralise pathogens. In drug therapy antibodies are engineered to attack disease targets instead. Drug developers like them for their high target specificity.

The linker between antibody and drug is a crucial aspect of this 'partnership' and has represented a stumbling block in the past. Stability was a problem and often the chemical was released too early, seldom reaching the actual tumour. Ideally the antibody binds to a target on the surface of the tumour cell, the target-antibody complex gets internalised and only then, is the chemical released.

Immunogen, one of our antibody holdings, is an ADC company that developed a successful linker technology and earlier this year, got its first ADC, Kadycla, approved for advanced breast cancer. Kadycla is the ADC version of Roche's breast cancer antibody Herceptin. While Herceptin binds to Her2 and stops cancer cells from growing, Kadycla goes one step further: once inside the cell it releases its toxin and kills the cells. Herceptin now has some serious competition! No surprise that Roche has licensed Kadycla (and developed it) to again increase the standard of care for breast cancer.

Immunogen has a pipeline of ADCs and has alliances with a number of pharma companies. Kadycla is the first success for Immunogen and we see it as a confirmation that the linker technology does work.

We believe that antibodies as well as antibody-like proteins have a very bright future. Companies with strong antibody technology expertise will be in demand in years to come.

Outlook

Domestic companies in emerging markets are of interest to us, but often valuations are high and competition among the locals is rising fast. This requires changes to the business or to expand geographically, all tasks that require time. Over time we will add companies that we can buy at the right price.

Overall, we are excited about the new product cycles. Healthcare has been a strong performer and we are careful not to get swept away by the excitement. We continue to identify multi-year themes such as the antibody one described above that should result in returns over time.

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$20,000 invested in the relevant Fund over five years from 31 March 2008 to 31 March 2013 relative to their Index (in A$) 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.

3. Long invested position represents the exposure of physical holdings and long stock derivatives. The net invested position represents the exposure of physical holdings and both long and short derivatives.

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