

PLATINUM INTERNATIONAL HEALTH CARE FUND



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Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 June 2009)				
	QUARTER	1 YR	3 YRS	5 YRS SINCE INCEPTION
PLATINUM INT'L HEALTH CARE FUND	4%	3%	-4%	-1%
MSCI HEALTH CARE INDEX	-6%	2%	-7%	0%

Source: Platinum and MSCI. Refer to Note 1, page 36.

The Platinum International Health Care Fund increased by almost 4% in the quarter versus a loss of 5.5% for the MSCI World Health Care Index. For the year the Fund advanced by over 3%, while the Index increased 1.7%.

Crucell, our vaccine maker, remains the top holding of the Fund. The spread of swine flu is helping sales of Crucell's seasonal flu vaccine. Another stock holding to directly benefit while the population suffers is Sartorius. This German company sells the filters used for making vaccines and protein drugs; orders have increased significantly.

For the quarter, small biotechs made an impressive comeback, but the rationale behind such enthusiasm is doubtful at times. At around 18%, the Fund has significant exposure to this subsector. Fortunately, for most of our holdings, the strong performance did have merit with real R&D progress being made. However, to counterbalance share price volatility of biotechs we have kept a high cash balance. In light of a strong market rebound, that protection did hinder the Fund's performance.

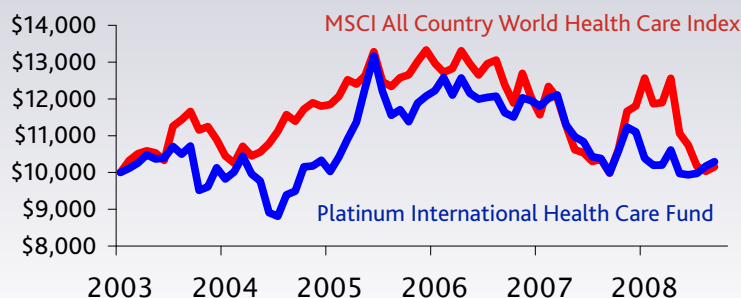
DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
NORTH AMERICA	46%	39%
EUROPE	31%	27%
JAPAN	2%	2%
CASH	21%	32%
SHORTS	4%	4%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION

10 NOVEMBER 2003 TO 30 JUNE 2009



Source: Platinum and MSCI. Refer to Note 2, page 3.

Caution should prevail. Problems in the global health industry and particularly in the US are as prevalent as ever! It's our job to look beyond the political chatter and focus on quality companies with products, drugs or services offering better than reasonable price/benefit opportunity. It is also advantageous if companies have a low dependency on the US market.

Keeping that in mind, small biotechs are an interesting group. They are in a league of their own; health care reform does not really impact them. Their main concern is access to capital and developing novel drugs. The market has lost interest in this group, despite biotechs raising more money in the past six months compared to their achievements the same time last year.

For us, when analysing this group we look for: scientific discipline, several drugs in the pipeline targeting a unique aspect of a disease, a management team that has experienced setbacks, a solid balance sheet and partnering experience. At the same time we make sure we have a portfolio of different drugs, meaning each company we invest in has to have a different approach to target a disease. This is similar to the approach a head of Research & Development would adopt when managing a drug pipeline. (The figures below gives you an example of our "biotech company pipeline").

Incyte, a US biotech fits into this framework. This company understands what it means to manage capital carefully. Management has brought new drugs to the market before. After suffering a major setback in 2006, Incyte had to go back to the drawing board and rebuild itself. Within three years the company produced a number of new drugs (five in total) with some now in phase 2 clinical trials. The gem in the portfolio is its

BIOTECH COMPANY PIPELINE		
DISEASE	TARGET OF LEAD DRUG	CLINICAL TRIAL STAGE
HEPATITIS C	HCV PROTEASE	PHASE 2
INFLAMMATION	SYK	PHASE 2
OBESITY	5-HT RECEPTOR	PHASE 3
CANCER	MTOR	PHASE 3
INFLAMMATION	JAK	PHASE 2
PAIN	P38	PHASE 2

Source: Company reports

JAK inhibitor, whereby JAK (Janus Kinase) is the disease target. This drug reduces inflammation in rheumatoid arthritis and psoriasis patients. It can be swallowed, which is a relief for arthritis patients who frequently have to inject drugs.

Incyte is not alone in targeting JAK. Pfizer is doing the same and is slightly ahead in the development stage. Given this strong competition, Incyte is talking to partners and we would not be surprised if such discussions went beyond a simple JAK partnership deal.

The market is aware of the JAK opportunity but is concerned by its level of debt. We are less worried as many financing deals are getting done rather quickly in biotech. Over the past 12 months, the stock price has halved (current enterprise value is \$570mn). This accounts for little of the value-added progress that has been made. The market for rheumatoid arthritis was about \$10-11bn last year and is set to double over the next four years. Even if Incyte were to capture less than 5% market share, that would still generate \$1bn revenue per year. In the meantime, we aren't forgetting the other promising drugs in the pipeline either.

OUTLOOK

Look for cashflow and it is big pharma that stands out; look at new cancer drugs and it is pharma that led the way at this year's annual oncology gathering. Similarly, approval of new drugs this quarter is coming from big pharma. This group of companies is slowly gaining interest.

The US is looking to save money in health care, while China is trying to figure out how to spend money. This was a particularly relevant factor for us during the quarter when a visit to China highlighted some interesting opportunities for multinationals and domestic companies alike. Vaccines are an area of great interest as is diagnostic equipment, along with consumables. Health care has been neglected in China but there are intriguing developments that we will elaborate in more detail in the coming months.

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 Unhedged Fund:
Inception 31 January 2005, 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.

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