

Platinum International Fund® ARSN 089 528 307
Platinum Unhedged Fund™ ARSN 123 939 471
Platinum Asia Fund® ARSN 104 043 110
Platinum European Fund® ARSN 089 528 594
Platinum Japan Fund® ARSN 089 528 825
Platinum International Brands Fund® ARSN 092 429 813
Platinum International Health Care Fund® ARSN 107 023 530
Platinum International Technology Fund® ARSN 092 429 555

Financial Report

For the year ended 30 June 2014

Financial Report – For the year ended 30 June 2014

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Responsible Entity Report

The Directors of Platinum Investment Management Limited (trading as Platinum Asset Management[®]) ABN 25 063 565 006 AFSL 221935, the responsible entity of the Platinum International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund and the Platinum International Technology Fund (collectively referred to as “*the registered schemes*”), present their report on the registered schemes for the year ended 30 June 2014.

Principal Activities

The principal activity of the registered schemes during the year was the investment of funds internationally into securities of companies, in accordance with the Product Disclosure Statement (PDS) and their respective Constitutions.

The registered schemes did not have any employees during the year.

Directors of the Responsible Entity

The Directors of Platinum Investment Management Limited during the year and up to the date of this report were:

Kerr Neilson
Andrew Clifford
Philip Howard

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs of the registered schemes during the year, not otherwise disclosed in this report or the financial statements.

Operating and Financial Review (OFR)

The registered schemes have predominantly maintained their individual investment strategies in listed equities, equity and index derivatives and currency contracts. All of the registered schemes performed well over the 12 months to 30 June 2014, with annual returns ranging from 11.1% for Platinum International Brands Fund to 22.2% for Platinum Unhedged Fund. The flagship Platinum International Fund returned 17.3% for the 12 months to 30 June 2014.

Responsible Entity Report (cont.)

Operating and Financial Review (OFR) (cont.)

The performances of the registered schemes, as represented by the results of their operations for the year ended 30 June 2014, were as follows:

	International Fund \$'000	Unhedged Fund \$'000	Asia Fund \$'000	European Fund \$'000	Japan Fund \$'000	International Brands Fund \$'000	International Health Care Fund \$'000	International Technology Fund \$'000
Net Operating Profit								
2014	1,434,802	49,815	643,908	33,844	54,284	112,141	13,664	9,399
2013	2,369,922	53,927	763,413	38,201	136,341	227,815	14,194	8,791

The distributions of the registered schemes at 30 June were:

Distribution Paid and Payable								
2014	534,324	33,186	276,756	-	18,453	67,116	-	3,386
2013	204,282	1,737	66,009	-	-	56,164	1,693	-
Distribution (cents per unit)								
2014	11.12	17.11	17.84	-	13.31	13.87	-	8.06
2013	4.30	1.06	4.69	-	-	13.89	3.85	-

The redemption prices of the registered schemes at 30 June were:

Redemption Price – (cum-distribution)								
2014	2.0464	1.5590	2.9182	2.6451	3.1059	2.6387	1.6957	1.4593
2013	1.7871	1.2864	2.5323	2.2314	2.7130	2.5132	1.4516	1.1989

The Investment Manager continues to find interesting opportunities with robust growth potential and will deploy funds towards these stocks as opportunities present themselves, in order to increase the schemes' net asset values. The method of operating the registered schemes is not expected to change in the foreseeable future.

Matters subsequent to the end of the year

Except as disclosed in the financial report, no other matter or circumstance has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- (i) the operations of the registered schemes in future years; or
- (ii) the results of those operations in future years; or
- (iii) the states of affairs of the registered schemes in future years.

Responsible Entity Report (cont.)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the registered schemes with regard to insurance cover provided to either the Investment Manager, Platinum Investment Management Limited, or the Auditor of the registered schemes. As long as the officers of the responsible entity act in accordance with the schemes' Constitutions and the Law, they remain fully indemnified out of the assets of the registered schemes against any losses incurred while acting on behalf of the registered schemes. The Auditor of the registered schemes is in no way indemnified out of the assets of the registered schemes.

Fees paid to and interests held in the registered scheme

Fees paid to the responsible entity out of registered schemes' property during the year are disclosed in Note 12 to the financial statements. No fees were paid out of the registered schemes' property directly to the Directors of the responsible entity during the year.

Units on issue

The movements in units on issue in the registered schemes during the year have been disclosed in Note 6 to the financial statements.

Environmental regulation

The operations of the registered schemes are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The registered schemes are of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the Responsible Entity Report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Including different registered scheme financial reports in a single document

The registered schemes have applied Australian Securities and Investments Commission's Class Order 06/441, which allows registered schemes with a common responsible entity to include their financial statements in adjacent columns in a single financial report.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached on page 5.

This report is made in accordance with a resolution of the Directors.

Philip Howard
Director

Sydney
20 August 2014



Auditor's Independence Declaration

As lead auditor for the audit of the Platinum International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund, and the Platinum International Technology Fund for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audits; and
- b) no contraventions of any applicable code of professional conduct in relation to the audits.

This declaration is in respect of the Platinum International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund, and the Platinum International Technology Fund during the period.

Joe Sheeran
Partner
PricewaterhouseCoopers

Sydney
20 August 2014

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Liability limited by a scheme approved under Professional Standards Legislation.

Statements of Comprehensive Income

For the year ended 30 June 2014

	Note	International Fund		Unhedged Fund		2014	Asia Fund	European Fund	
		2014	2013	2014	2013			2014	2013
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Dividends		277,850	131,313	8,801	3,362	65,416	61,272	4,183	2,965
Interest		1,044	602	132	29	1,332	2,713	641	39
Net gains on financial assets at fair value through profit or loss		1,328,833	2,061,182	46,689	53,048	674,313	729,512	36,012	37,554
Net foreign exchange gains/(losses) on forward currency contracts		34,279	235,918	(80)	(112)	(10,228)	8,475	(2,653)	(2,120)
Net foreign exchange gains/(losses) on bank accounts		(32,458)	78,381	(564)	1,040	(9,520)	25,078	197	2,478
Total net investment income		1,609,548	2,507,396	54,978	57,367	721,313	827,050	38,380	40,916
Expenses									
Management fee		130,917	100,867	3,698	2,380	55,936	44,037	3,361	1,924
Administration fee		7,067	5,869	264	170	3,995	3,146	240	137
Withholding tax on foreign dividends		17,944	14,832	589	360	7,054	7,439	442	315
Transaction costs		18,750	15,830	610	529	10,394	8,992	492	338
Other		68	76	2	1	26	23	1	1
Total expenses		174,746	137,474	5,163	3,440	77,405	63,637	4,536	2,715
Net operating profit		1,434,802	2,369,922	49,815	53,927	643,908	763,413	33,844	38,201
Financing Costs									
Net operating profit attributable to unitholders		1,434,802	2,369,922	49,815	53,927	643,908	763,413	33,844	38,201
(Increase) in net assets attributable to unitholders	6	(900,478)	(2,165,640)	(16,629)	(52,190)	(367,152)	(697,404)	(33,844)	(38,201)
Distribution paid and payable	7	(534,324)	(204,282)	(33,186)	(1,737)	(276,756)	(66,009)	-	-
Net profit for the period		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income

For the year ended 30 June 2014

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Investment income									
Dividends		6,875	5,400	17,918	13,936	1,162	646	2,086	654
Interest		114	113	3,031	3,372	370	282	46	31
Net gains on financial assets at fair value through profit or loss		52,729	104,494	113,355	213,197	14,308	12,724	8,520	7,931
Net foreign exchange gains/(losses) on forward currency contracts		4,804	27,826	1,917	5,817	(597)	961	(22)	529
Net foreign exchange gains/(losses) on bank accounts		(2,666)	4,060	(2,216)	6,531	(64)	394	(262)	379
Total net investment income		61,856	141,893	134,005	242,853	15,179	15,007	10,368	9,524
Expenses									
Management fee		5,754	4,124	16,674	11,097	1,219	634	739	526
Administration fee		411	295	1,191	793	87	45	53	38
Withholding tax on foreign dividends		645	404	1,803	1,326	120	76	78	83
Transaction costs		759	727	2,188	1,817	88	58	99	85
Other		3	2	8	5	1	-	-	1
Total expenses		7,572	5,552	21,864	15,038	1,515	813	969	733
Net operating profit		54,284	136,341	112,141	227,815	13,664	14,194	9,399	8,791
Financing Costs									
Net operating profit attributable to unitholders		54,284	136,341	112,141	227,815	13,664	14,194	9,399	8,791
(Increase) in net assets attributable to unitholders	6	(35,831)	(136,341)	(45,025)	(171,651)	(13,664)	(12,501)	(6,013)	(8,791)
Distribution paid and payable	7	(18,453)	-	(67,116)	(56,164)	-	(1,693)	(3,386)	-
Net profit for the period		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheets

As at 30 June 2014

		International Fund		Unhedged Fund			Asia Fund	European Fund	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Assets									
Cash and cash equivalents	13(a)	846,264	903,530	17,331	19,319	380,996	372,412	61,828	20,032
Receivables	8	13,361	22,200	249	325	5,192	3,575	529	499
Financial assets at fair value through profit or loss	5	9,064,399	7,662,820	285,998	202,217	4,176,944	3,197,858	226,726	145,468
Total Assets		9,924,024	8,588,550	303,578	221,861	4,563,132	3,573,845	289,083	165,999
Liabilities									
Unitholders' distribution payable	7	534,324	204,282	33,186	1,737	276,756	66,009	-	-
Payables	9	23,987	70,484	292	10,942	10,929	5,382	349	268
Financial liabilities at fair value through profit or loss	5	38,031	10,500	103	-	13,413	10,048	698	1,050
Total Liabilities (excluding net assets attributable to unitholders)		596,342	285,266	33,581	12,679	301,098	81,439	1,047	1,318
Net Assets Attributable to Unitholders	6	9,327,682	8,303,284	269,997	209,182	4,262,034	3,492,406	288,036	164,681

The above Balance Sheets should be read in conjunction with the accompanying notes.

Balance Sheets

As at 30 June 2014

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Assets									
Cash and cash equivalents	13(a)	39,863	49,082	304,492	230,663	21,152	14,307	6,615	8,003
Receivables	8	657	506	2,787	3,361	879	86	43	55
Financial assets at fair value through profit or loss	5	394,915	335,158	978,556	798,111	80,855	49,692	54,980	33,013
Total Assets		435,435	384,746	1,285,835	1,032,135	102,886	64,085	61,638	41,071
Liabilities									
Unitholders' distribution payable	7	18,453	-	67,116	56,164	-	1,693	3,386	-
Payables	9	1,764	9,463	1,626	13,879	117	62	72	42
Financial liabilities at fair value through profit or loss	5	1,914	2,706	4,261	1,896	84	49	81	16
Total Liabilities (excluding net assets attributable to unitholders)		22,131	12,169	73,003	71,939	201	1,804	3,539	58
Net Assets Attributable to Unitholders	6	413,304	372,577	1,212,832	960,196	102,685	62,281	58,099	41,013

The above Balance Sheets should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

For the year ended 30 June 2014

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity and, accordingly, the registered schemes have no equity for financial reporting purposes.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

For the year ended 30 June 2014

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year	-	-	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity and, accordingly, the registered schemes have no equity for financial reporting purposes.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the year ended 30 June 2014

Note	International Fund		Unhedged Fund		2014 \$'000	Asia Fund	European Fund		
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000		2013 \$'000	2014 \$'000	2013 \$'000	
Cash flows from operating activities									
Purchase of financial assets	(5,468,759)	(3,497,122)	(199,551)	(164,036)	(2,085,215)	(1,473,771)	(81,349)	(38,803)	
Proceeds from sale of financial assets	5,401,775	4,372,283	151,317	167,517	1,769,941	1,575,444	32,968	43,056	
Interest received	1,023	602	118	29	1,302	2,822	591	38	
Dividends received	278,428	126,070	8,834	3,327	64,216	59,794	4,052	2,850	
Manager's fees paid	(134,984)	(105,737)	(3,840)	(2,514)	(58,255)	(46,452)	(3,424)	(2,032)	
Other expenses paid	(18,970)	(16,026)	(623)	(535)	(10,493)	(9,147)	(508)	(343)	
Net cash inflow/(outflow) from operating activities	13(c)	58,513	880,070	(43,745)	3,788	(318,504)	108,690	(47,670)	4,766
Cash flows from financing activities									
Proceeds from units issued	1,551,918	739,083	55,216	24,704	771,812	561,304	109,403	29,505	
Payment for units redeemed	(1,427,998)	(1,468,295)	(11,030)	(17,473)	(369,336)	(509,051)	(19,892)	(16,592)	
Distributions paid	(204,282)	(126,374)	(1,737)	(1,818)	(66,009)	(28,102)	-	(16,367)	
Net cash inflow/(outflow) from financing activities		(80,362)	(855,586)	42,449	5,413	336,467	24,151	89,511	(3,454)
Net increase/(decrease) in cash and cash equivalents		(21,849)	24,484	(1,296)	9,201	17,963	132,841	41,841	1,312
Cash and cash equivalents at beginning of the year		903,530	801,373	19,319	8,935	372,412	210,508	20,032	16,521
Effects of exchange rate changes on cash and cash equivalents		(35,417)	77,673	(692)	1,183	(9,379)	29,063	(45)	2,199
Cash and cash equivalents at the end of the year	13(a)	846,264	903,530	17,331	19,319	380,996	372,412	61,828	20,032

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the year ended 30 June 2014

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2014	2013	2014	2013	2014	2013	2014	2013
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities									
Purchase of financial assets		(382,752)	(401,900)	(463,789)	(324,715)	(31,013)	(22,225)	(46,872)	(20,062)
Proceeds from sale of financial assets		371,761	505,670	389,556	244,755	12,771	8,735	33,399	27,626
Interest received		119	109	3,036	3,546	369	297	42	35
Dividends received		6,555	5,726	16,705	13,405	1,121	608	2,104	691
Manager's fees paid		(6,043)	(4,428)	(17,388)	(11,540)	(1,251)	(647)	(762)	(566)
Other expenses paid		(767)	(734)	(2,229)	(1,857)	(93)	(62)	(101)	(85)
Net cash inflow/(outflow) from operating activities	13(c)	(11,127)	104,443	(74,109)	(76,406)	(18,096)	(13,294)	(12,190)	7,639
Cash flows from financing activities									
Proceeds from units issued		65,012	68,127	342,172	265,139	34,776	21,587	15,221	4,081
Payment for units redeemed		(60,116)	(167,417)	(134,561)	(99,142)	(8,036)	(1,014)	(4,148)	(11,237)
Distributions paid		-	-	(56,164)	(51,224)	(1,693)	(1,325)	-	-
Net cash inflow/(outflow) from financing activities		4,896	(99,290)	151,447	114,773	25,047	19,248	11,073	(7,156)
Net increase/(decrease) in cash and cash equivalents									
		(6,231)	5,153	77,338	38,367	6,951	5,954	(1,117)	483
Cash and cash equivalents at beginning of the year		49,082	39,766	230,663	185,422	14,307	7,960	8,003	7,133
Effects of exchange rate changes on cash and cash equivalents		(2,988)	4,163	(3,509)	6,874	(106)	393	(271)	387
Cash and cash equivalents at the end of the year	13(a)	39,863	49,082	304,492	230,663	21,152	14,307	6,615	8,003

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1 General Information

This financial report covers the Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (collectively referred to as “the registered schemes”), as individual entities.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered schemes. The registered office is Level 8, 7 Macquarie Place, Sydney, NSW 2000.

Registered Scheme	Date of Commencement	Registered Scheme	Date of Commencement
Platinum International Fund	4 April 1995	Platinum Japan Fund	12 June 1998
Platinum Unhedged Fund	19 January 2005	Platinum International Brands Fund	11 April 2000
Platinum Asia Fund	3 March 2003	Platinum International Health Care Fund	5 November 2003
Platinum European Fund	12 June 1998	Platinum International Technology Fund	11 April 2000

Each registered scheme may be wound up on the day immediately preceding the 80th anniversary of the Date of Commencement, unless terminated earlier in accordance with the provisions of the Constitution.

The financial report was authorised for issue by the Directors of the responsible entity on 20 August 2014. The Directors have the power to amend the financial report after issue.

Note 2 Summary of Significant Accounting Policies

(a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the requirements of the registered schemes’ Constitutions, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Each registered scheme is a for-profit entity for the purpose of preparing the financial report.

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The Balance Sheets are presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The registered schemes manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder’s discretion. However, it is recommended that holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

Compliance with International Financial Reporting Standards

The financial statements of the registered schemes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements, which are included in the accounting policies below.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 2 Summary of Significant Accounting Policies (cont.)

(b) Income Tax

Under current tax legislation, the registered schemes are not subject to income tax as unitholders are presently entitled to the income of the Fund.

The benefits of any offsets for foreign tax paid are passed on to unitholders.

(c) Financial Assets and Liabilities at Fair Value through Profit or Loss

The registered schemes have applied AASB 13 *Fair Value Measurement* from 1 July 2013. This is a new standard and is mandatory for reporting periods beginning on or after 1 January 2013. The standard is to be applied prospectively and hence the disclosure requirements do not need to be applied to comparative information for periods before initial application.

AASB 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The new standard also increases transparency about fair value measurements, including the valuations techniques and inputs used to measure fair value.

For the registered schemes, the key impact of the new standard is the removal of the requirement to use bid and ask prices for actively-quoted financial assets and liabilities. Instead, the most representative price within the bid-ask spread should be used. With respect to the registered schemes, the last-sale or “last” price is the most representative price within the bid-ask spread, because it represents the price that the security last changed hands from seller to buyer.

Accordingly, from 1 July 2013, the registered schemes have decided to apply last-sale pricing as the fair value measurement basis for equities and derivatives they hold. This is consistent with how investments are valued for NAV/unit pricing purposes, which are based on last-market pricing. AASB 13 requires reporting entities to disclose their valuation techniques and inputs, with respect to all reporting periods.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at reporting date without any deduction for estimated future selling costs. Equity securities, equity swaps and futures are priced at “last” prices. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the Statements of Comprehensive Income in the period they arise.

Forward currency contracts are categorised as “financial assets/liabilities held for trading” and are initially recognised at fair value on the date the contracts are entered into and are subsequently re-measured at each reporting date. The fair value at reporting date is the unrealised profit or loss on the foreign currency position (in Australian dollars).

Fair value in an inactive market or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm’s length market transactions, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, the options are valued using option prices provided by an arm’s length broker. These valuations are based on option pricing models.

Recognition/derecognition

The registered schemes recognise financial assets on the date they become party to the purchase contractual agreement (trade date) and recognise changes in fair value of the financial assets from this date.

The registered schemes no longer recognise financial assets on the date they become party to the sale contractual agreement (trade date).

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 2 Summary of Significant Accounting Policies (cont.)

(d) Transaction costs

Initial measurement (cost) on acquisition of trading securities shall not include directly attributable transaction costs, such as fees and commissions paid to agents. Incremental transaction costs on financial assets at fair value through profit or loss are expensed immediately.

(e) Net assets attributable to unitholders

Units on issue give the unitholder a right to redeem units at the redemption price. The registered schemes have more than one class of unit on issue. Therefore, net assets attributable to unitholders are considered a liability rather than equity. The liability represents the balance of the net assets of the registered schemes at reporting date. As unitholders' funds are classed as a liability under Australian Accounting Standards, it will be necessary to recognise "(increase)/decrease in net assets attributable to unitholders" in the Statements of Comprehensive Income as a financing cost.

(f) Foreign currency translation

The functional and presentation currency of the registered schemes, in accordance with AASB 121: *The Effects of Changes in Foreign Exchange Rates*, is the Australian dollar.

Transactions denominated in foreign currencies are translated into Australian currency at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities for each Balance Sheet presented are translated at exchange rates at the closing rate at the date of that Balance Sheet. Resulting exchange differences are brought to account in determining profit and loss for the year.

(g) Investment income

Interest Income

Interest income is recognised in the Statements of Comprehensive Income, using the nominated interest rate available on the bank accounts held at various locations throughout the world.

Dividend Income

Dividend income is brought to account on the applicable ex-dividend date.

(h) Distributions

In accordance with each registered schemes' Constitution, each registered scheme fully distributes any distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the registered scheme.

(i) Receivables

All receivables are recognised when a right to receive payment is established. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised where there is evidence the amount will not be collected.

(j) Payables

All payables are recognised as and when the registered schemes become liable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 2 Summary of Significant Accounting Policies (cont.)

(k) Applications and redemptions

Applications received for units in the registered schemes are recorded net of any entry fees payable prior to the issue of units in the registered schemes. Redemptions from the registered schemes are recorded gross of any exit fees payable after the cancellation of units redeemed. The redemption price is determined by reference to the net assets of the registered scheme divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

(l) Rounding of amounts to the nearest thousand dollars

The registered schemes are of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the Responsible Entity Report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(m) Including different registered scheme financial reports in a single document

The registered schemes have applied Australian Securities and Investments Commission's Class Order 06/441, which allows registered schemes with a common responsible entity to include their financial statements in adjacent columns in a single financial report.

(n) Goods and Services Tax (GST)

The GST paid on the costs of various services provided to the registered schemes, such as Investment Management fees, has been passed onto the registered schemes. Investment Management fees have been recognised in the Statements of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). GST recoverable from the ATO at reporting date is included in receivables in the Balance Sheets. Cash flows relating to GST are included in the Statements of Cash Flows on a gross basis.

(o) Operating segments

The registered schemes are outside the scope of AASB 8 *Operating Segments* as they do not satisfy the requirement, under AASB 8, of having debt or equity instruments traded in a public market, or file their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

(p) Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash includes deposits held at call with financial institutions, cash held in margin accounts and other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Margin accounts comprise cash held as collateral for derivative transactions.

Payments and receipts relating to the purchase and sale of financial assets are classified as "cash flows from operating activities" as realised and unrealised gains (and losses) on financial assets represent the registered schemes' main operating activity.

(q) Due to/from brokers for unsettled trades

Amounts due to/from brokers represent payables for securities purchased and receivables for securities sold that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Proceeds on sale of investments are usually received between 2 and 5 days after trade date. Payables on purchase of investments are usually paid between 2 and 5 days after trade date.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 2 Summary of Significant Accounting Policies (cont.)

(r) Offsetting a financial asset and a financial liability

Financial assets and liabilities are offset and the net amount reported in the Balance Sheets where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Increased disclosures apply to offsetting financial assets and liabilities for financial years ending 30 June 2014 and after. Please refer to Note 10(g) for further information.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting period. The accounting standard of relevance to the registered schemes is discussed below as is the assessment of its impact. The registered schemes have not adopted this standard for the 2014 financial year.

- (i) *Revised AASB 9 Financial Instruments (addressing accounting for financial liabilities and the derecognition of financial assets and financial liabilities), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective for annual reporting periods beginning on or after 1 January 2017)

The revised standard defers the operative date of AASB 9 *Financial Instruments* from 1 January 2013 to 1 January 2017. AASB 9 provides guidance on the classification and measurement of financial assets and this standard was assessed as not having a significant impact on the registered schemes.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 3 Auditor's Remuneration

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Auditing and review of the financial report	47,235	44,146	6,178	5,775	25,873	24,182	22,696	21,211
Auditing the Compliance Plan	9,566	8,539	2,225	1,681	7,897	6,980	5,008	4,280
Other audit and assurance services	18,978	14,425	-	-	18,234	29,037	-	-
Taxation and regulatory services – Compliance	48,958	97,445	37,021	41,702	48,820	49,377	32,643	38,652
Other advisory services – Foreign tax agent	5,415	4,658	2,744	3,208	9,477	8,152	-	-
	130,151	169,213	48,168	52,366	110,300	117,728	60,347	64,143

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Auditing and review of the financial report	23,706	22,155	22,696	21,211	8,507	7,949	19,357	18,091
Auditing the Compliance Plan	5,799	5,020	5,008	4,280	2,225	1,680	3,895	3,240
Other audit and assurance services	-	-	-	-	-	-	-	-
Taxation and regulatory services – Compliance	35,388	50,567	36,061	40,322	33,541	36,212	53,557	36,467
Other advisory services – Foreign tax agent	-	-	739	635	-	-	3,730	3,208
	64,893	77,742	64,504	66,448	44,273	45,841	80,539	61,006

In 2014 (and 2013) Auditor's Remuneration was paid by the responsible entity and reimbursed by the registered schemes.

Note 4 Taxation

Under current tax legislation, the individual registered schemes are not subject to income tax, as taxable income (including assessable net realised capital gains) is distributed in full to unitholders.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 5 Financial Assets and Liabilities at Fair Value through Profit or Loss

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Equity securities	9,050,210	7,612,445	285,998	202,217	4,173,098	3,195,503	226,641	144,702
Derivatives	4,599	17,052	-	-	516	125	58	313
Forward currency contracts	9,590	33,323	-	-	3,330	2,230	27	453
	9,064,399	7,662,820	285,998	202,217	4,176,944	3,197,858	226,726	145,468
Financial liabilities								
Derivatives	15,806	10,410	103	-	3,494	8,958	-	146
Forward currency contracts	22,225	90	-	-	9,919	1,090	698	904
	38,031	10,500	103	-	13,413	10,048	698	1,050
Total of financial assets less liabilities	9,026,368	7,652,320	285,895	202,217	4,163,531	3,187,810	226,028	144,418

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Equity securities	394,633	326,992	977,334	796,169	80,831	49,487	54,965	32,933
Derivatives	282	2,140	456	1,092	-	-	15	-
Forward currency contracts	-	6,026	766	850	24	205	-	80
	394,915	335,158	978,556	798,111	80,855	49,692	54,980	33,013
Financial liabilities								
Derivatives	410	1,852	3,960	1,896	-	32	-	16
Forward currency contracts	1,504	854	301	-	84	17	81	-
	1,914	2,706	4,261	1,896	84	49	81	16
Total of financial assets less liabilities	393,001	332,452	974,295	796,215	80,771	49,643	54,899	32,997

For 30 June 2014, all equity securities and derivatives are valued using “last” pricing. For 30 June 2013, all equity securities and derivatives were valued using bid/ask pricing. The change in the valuation basis is based on the adoption of a new accounting standard AASB 13 *Fair Value Measurement*. Refer to Note 2(c) for the accounting policy concerning fair value measurement. Information relating to the registered schemes’ exposure to foreign currency risk, price risk and liquidity risk in relation to investments is provided in Note 10.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 6 Net Assets Attributable to Unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	International Fund		Unhedged Fund			Asia Fund	European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	8,303,284	6,866,856	209,182	149,761	3,492,406	2,742,749	164,681	113,567
Applications during the year	1,551,918	739,083	55,216	24,704	771,812	561,304	109,403	29,505
Redemptions during the year	(1,427,998)	(1,468,295)	(11,030)	(17,473)	(369,336)	(509,051)	(19,892)	(16,592)
Increase in net assets attributable to unitholders	900,478	2,165,640	16,629	52,190	367,152	697,404	33,844	38,201
Closing balance	9,327,682	8,303,284	269,997	209,182	4,262,034	3,492,406	288,036	164,681
	Units	Units	Units	Units	Units	Units	Units	Units
	'000	'000	'000	'000	'000	'000	'000	'000
Opening balance	4,751,856	5,271,302	163,787	157,576	1,408,562	1,392,636	73,873	66,902
Number of units issued during the year	799,224	509,096	37,733	23,210	279,877	245,073	42,485	15,691
Number of units redeemed during the year	(744,189)	(1,028,542)	(7,540)	(16,999)	(137,022)	(229,147)	(7,740)	(8,720)
Closing balance	4,806,891	4,751,856	193,980	163,787	1,551,417	1,408,562	108,618	73,873

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 6 Net Assets Attributable to Unitholders (cont.)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	372,577	335,526	960,196	622,548	62,281	29,207	41,013	39,378
Applications during the year	65,012	68,127	342,172	265,139	34,776	21,587	15,221	4,081
Redemptions during the year	(60,116)	(167,417)	(134,561)	(99,142)	(8,036)	(1,014)	(4,148)	(11,237)
Increase in net assets attributable to unitholders	35,831	136,341	45,025	171,651	13,664	12,501	6,013	8,791
Closing balance	413,304	372,577	1,212,832	960,196	102,685	62,281	58,099	41,013
	Units	Units	Units	Units	Units	Units	Units	Units
	'000	'000	'000	'000	'000	'000	'000	'000
Opening balance	137,399	199,777	404,352	329,720	44,034	27,100	34,251	41,501
Number of units issued during the year	21,939	33,207	131,246	121,088	21,577	17,737	10,805	4,054
Number of units redeemed during the year	(20,674)	(95,585)	(51,766)	(46,456)	(5,210)	(803)	(3,028)	(11,304)
Closing balance	138,664	137,399	483,832	404,352	60,401	44,034	42,028	34,251

Note 7 Distributions Paid and Payable

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The distributions were paid/payable as follows:								
30 June final payable	534,324	204,282	33,186	1,737	276,756	66,009	-	-
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The distributions were paid/payable as follows:								
30 June final payable	18,453	-	67,116	56,164	-	1,693	3,386	-

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 8 Receivables

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Due from brokers – receivable for securities sold	47	8,481	-	68	336	22	-	166
Interest receivable	21	-	14	-	30	-	51	1
GST receivable	1,172	1,020	36	25	544	471	35	20
Dividends receivable	7,434	7,548	156	182	4,282	3,082	308	146
Dividend tax refund receivable	3,667	4,131	43	50	-	-	135	166
Indian capital gains tax receivable	1,020	1,020	-	-	-	-	-	-
	13,361	22,200	249	325	5,192	3,575	529	499

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Due from brokers – receivable for securities sold	139	308	-	1,815	747	-	-	-
Interest receivable	1	6	140	145	1	-	8	4
GST receivable	51	46	156	123	12	8	7	5
Dividends receivable	466	146	2,308	1,110	33	27	26	44
Dividend tax refund receivable	-	-	183	183	86	51	2	2
	657	506	2,787	3,361	879	86	43	55

Proceeds on sale of investments are usually received between 2 and 5 days after trade date. Interest is usually received within 3 days of becoming receivable and dividends are usually received within 75 days of the ex-dividend date.

Information relating to the ageing of receivables for 2014 is provided in Note 10.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 9 Payables

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Due to brokers – payable for securities purchased	11,916	61,413	-	10,772	4,964	1,352	-	96
Management and administration fees	12,071	9,071	292	170	5,706	4,030	349	172
Payable for Thai Capital Gains Tax	-	-	-	-	259	-	-	-
	23,987	70,484	292	10,942	10,929	5,382	349	268

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Due to brokers – payable for securities purchased	1,278	9,099	-	12,730	-	-	-	-
Management and administration fees	486	364	1,626	1,149	117	62	72	42
	1,764	9,463	1,626	13,879	117	62	72	42

Payables on purchase of investments are usually paid between 2 and 5 days after trade date. Information relating to the registered schemes' exposures of payables to liquidity risk is provided in Note 10.

Note 10 Financial Risk Management

(a) Financial Risk Management Objectives, Policies and Processes

The registered schemes' primary risks are related to the investment activities undertaken on its behalf by the responsible entity. The risks that the schemes are exposed to include market risk (including currency risk and price risk), credit risk and liquidity risk.

The responsible entity's investment style:

- adopts a bottom-up stock selection methodology such that long-term capital growth is sought through investing in undervalued securities across the world;
- seeks absolute returns and not returns relative to any index;
- invests excess funds in cash when undervalued stocks cannot be found; and
- actively manages currency.

Derivatives (which include equity swaps, futures and options) are utilised for risk management purposes and to take opportunities to increase returns. The underlying value of derivatives held by a registered scheme may not exceed 100% of the net asset value of that scheme. The underlying value of long stocks and derivative contracts may not exceed 150% of the net asset value of that scheme. Each of the registered schemes complied with its investment mandate as at 30 June 2014. The registered schemes do not generally enter or trade derivatives for speculative purposes.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(b) Investments at Fair Value and Derivatives Exposure

	2014				2013			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
International Fund								
Japan	1,356,714	18,204	-	1,374,918	1,404,070	27,800	(14,590)	1,417,280
Other Asia	2,262,960	60,888	(1,133)	2,322,716	748,196	-	(6,525)	741,671
Australia	76,601	-	-	76,601	39,279	-	-	39,279
Europe – Euro	1,381,021	-	(27,911)	1,353,111	1,415,952	-	(25,183)	1,390,769
Europe – Other	1,234,642	-	(89,918)	1,144,724	654,318	-	(166,463)	487,855
North America	2,665,124	-	(937,305)	1,727,820	3,315,781	46,865	(1,002,793)	2,359,853
South America	62,354	-	-	62,354	34,849	-	-	34,849
Africa	10,792	-	-	10,792	-	-	-	-
	9,050,210	79,092	(1,056,266)	8,073,036	7,612,445	74,665	(1,215,554)	6,471,556
Futures Notional Cost Amounts 30 June 2014	(965,877)							
Futures Notional Cost Amounts 30 June 2013	(1,117,757)							
Unhedged Fund								
Japan	65,603	-	-	65,603	54,194	-	-	54,194
Other Asia	52,460	1,403	-	53,863	18,391	-	-	18,391
Australia	9,434	-	-	9,434	2,407	-	-	2,407
Europe – Euro	26,808	-	-	26,808	28,767	-	-	28,767
Europe – Other	38,220	-	-	38,220	18,066	-	-	18,066
North America	85,318	-	-	85,318	78,454	-	-	78,454
South America	4,135	-	-	4,135	-	-	-	-
Africa	4,020	-	-	4,020	1,938	-	-	1,938
	285,998	1,403	-	287,401	202,217	-	-	202,217
Futures Notional Cost Amounts 30 June 2014	1,522							
Futures Notional Cost Amounts 30 June 2013	-							

Refer to narrative on page 28 for explanations of the terms used in the above table.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(b) Investments at Fair Value and Derivatives Exposure (cont.)

	2014				2013			
	Physical	Long	Short	Net	Physical	Long	Short	Net
	\$'000	Derivative	Derivative	Exposure	\$'000	Derivative	Derivative	Exposure
		Contracts	Contracts	\$'000		Contracts	Contracts	\$'000
		\$'000	\$'000			\$'000	\$'000	
Asia Fund								
Asia (excluding Japan)	4,159,122	131,680	-	4,290,802	2,682,814	-	-	2,682,814
Europe – Other	-	-	-	-	17,722	-	-	17,722
North America	13,976	-	-	13,976	494,967	115,789	(2,387)	608,369
	4,173,098	131,680	-	4,304,778	3,195,503	115,789	(2,387)	3,308,905
Futures Notional Cost Amounts 30 June 2014	133,526							
Futures Notional Cost Amounts 30 June 2013	115,505							
European Fund								
Europe – Euro	127,472	-	(3,220)	124,251	99,201	-	(5,686)	93,515
Europe – Other	87,577	-	(2,046)	85,531	39,750	-	(5,515)	34,235
North America	11,593	-	-	11,593	5,751	-	-	5,751
	226,641	-	(5,266)	221,375	144,702	-	(11,201)	133,501
Futures Notional Cost Amounts 30 June 2014	(5,301)							
Futures Notional Cost Amounts 30 June 2013	(11,214)							
Japan Fund								
Japan	365,227	25,914	(76,728)	314,413	310,219	25,630	(87,425)	248,424
Korea	29,406	-	-	29,406	16,773	-	-	16,773
	394,633	25,914	(76,728)	343,819	326,992	25,630	(87,425)	265,197
Futures Notional Cost Amounts 30 June 2014	(50,722)							
Futures Notional Cost Amounts 30 June 2013	(61,092)							

Refer to narrative on page 28 for explanations of the terms used in the above table.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(b) Investments at Fair Value and Derivatives Exposure (cont.)

	2014				2013			
	Physical	Long	Short	Net	Physical	Long	Short	Net
	\$'000	Derivative	Derivative	Exposure	\$'000	Derivative	Derivative	Exposure
		Contracts	Contracts	\$'000		Contracts	Contracts	\$'000
		\$'000	\$'000			\$'000	\$'000	
International Brands Fund								
Japan	66,139	-	-	66,139	56,564	-	-	56,564
Other Asia	258,208	71,124	(23,206)	306,126	186,186	-	(15,495)	170,691
Europe – Euro	269,823	-	(52,958)	216,864	212,027	-	(26,881)	185,146
Europe – Other	147,617	7,096	-	154,712	109,406	-	(6,508)	102,898
North America	120,303	-	-	120,303	166,441	51,210	-	217,651
South America	91,370	-	-	91,370	58,016	-	-	58,016
Africa	23,874	-	-	23,874	7,529	-	-	7,529
	977,334	78,220	(76,164)	979,389	796,169	51,210	(48,884)	798,495
Futures Notional Cost Amounts 30 June 2014	5,850							
Futures Notional Cost Amounts 30 June 2013	1,308							
International Health Care Fund								
Japan	5,959	-	-	5,959	2,106	-	-	2,106
Australia	1,276	-	-	1,276	919	-	-	919
Europe – Euro	17,094	-	-	17,094	12,086	-	-	12,086
Europe – Other	29,926	-	-	29,926	16,369	-	-	16,369
North America	25,353	-	-	25,353	17,082	-	(1,072)	16,010
South America	1,223	-	-	1,223	925	-	-	925
	80,831	-	-	80,831	49,487	-	(1,072)	48,415
Futures Notional Cost Amounts 30 June 2014	-							
Futures Notional Cost Amounts 30 June 2013	(1,031)							

Refer to narrative on page 28 for explanations of the terms used in the above table.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(b) Investments at Fair Value and Derivatives Exposure (cont.)

	2014				2013			
	Physical	Long	Short	Net	Physical	Long	Short	Net
	\$'000	Derivative	Derivative	Exposure	\$'000	Derivative	Derivative	Exposure
		Contracts	Contracts			Contracts	Contracts	
		\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
International Technology Fund								
Japan	8,134	-	-	8,134	4,397	-	-	4,397
Other Asia	18,109	-	-	18,109	7,024	-	-	7,024
Europe – Euro	6,047	-	(1,789)	4,258	5,905	-	-	5,905
Europe – Other	6,476	-	-	6,476	2,487	-	-	2,487
North America	15,082	-	-	15,082	12,626	-	(697)	11,929
Africa	1,117	-	-	1,117	494	-	-	494
	54,965	-	(1,789)	53,176	32,933	-	(697)	32,236

Futures Notional Cost Amounts 30 June 2014 (1,800)

Futures Notional Cost Amounts 30 June 2013 (654)

The “Physical” column above represents the location of the registered schemes’ investments. The “Long/Short Contracts” columns include the notional value of long/short equity swaps and futures.

The “Net Exposure” column above represents an approximation of each registered schemes’ exposures to movements in the markets. This is calculated by making an adjustment to the “physical” position by adding to the physical position, the principal notional amount of any long (bought) positions and subtracting any short (sold) derivative positions in shares and shares index futures. For example, if 5% of the Portfolio of a registered scheme was invested in Japan, but there was a 2% short exposure to Nikkei futures, the Net Exposure column would show 3%. Conceivably, the figure could show a negative exposure, which would indicate the Portfolio was net short the Japanese market.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk

(i) Foreign Exchange Risk

Foreign exchange risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The registered schemes operate internationally and are exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currency.

Currency hedging is an integral part of the management of currency risk. The Investment Manager positions a registered scheme's portfolio in what it believes will be a stronger currency(ies). For example, at 30 June 2014, Platinum International Fund's currency exposures were: 45% in the United States Dollar, 28% in European currencies, 17% in Asian currencies, ex the Japanese Yen, 3% in the Japanese Yen, 3% in the Canadian Dollar and -4% in the Australian Dollar.

The Investment Manager may use forward foreign exchange contracts and futures and option contracts on foreign exchange rate contracts to position a registered scheme's portfolio in the desired currencies. A currency exposure may be hedged using a different currency from which the exposure is maintained (for example, US dollar hedges may be used to hedge the currency risk of holding investments in Hong Kong dollars).

Where there have been major currency movements, or where currencies are perceived to be over or undervalued, the Investment Manager may look for investments whose operating environment has been distorted by the currency as part of the search for undervalued stocks. There may even be opportunities for stocks impacted by a lower currency (for example, export-oriented stocks).

In respect of the Platinum Unhedged Fund, there is no currency management undertaken. The disposition of its investments determines its currency exposure.

The tables below summarise the registered schemes' exposures to foreign exchange risk:

	2014				2013			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
International Fund								
Japan	1,594,108	327,993	(1,432,727)	489,374	1,579,116	89,152	(1,507,456)	160,812
Other Asia	1,798,953	181,835	(334,439)	1,646,349	896,506	202,306	(26,140)	1,072,672
Australia	78,830	51,265	(106,324)	23,771	63,439	104,990	(324,003)	(155,574)
Europe – Euro	1,538,395	440,953	-	1,979,348	1,563,200	457,408	(24,922)	1,995,686
Europe – Other	845,180	51,443	(18,031)	878,592	710,607	67,449	(17,445)	760,611
North America	3,954,812	1,488,059	(650,027)	4,792,844	3,707,951	1,749,524	(770,863)	4,686,612
South America	62,354	-	-	62,354	35,031	-	-	35,031
	9,872,632	2,541,548	(2,541,548)	9,872,632	8,555,850	2,670,829	(2,670,829)	8,555,850

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk (cont.)

(i) Foreign Exchange Risk (cont.)

	2014				2013			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Unhedged Fund								
Japan	71,802	-	-	71,802	55,823	-	-	55,823
Other Asia	36,610	-	-	36,610	18,409	-	-	18,409
Australia	15,700	-	-	15,700	4,134	-	-	4,134
Europe – Euro	27,524	-	-	27,524	29,807	-	-	29,807
Europe – Other	27,689	-	-	27,689	18,078	-	-	18,078
North America	116,831	-	-	116,831	93,347	-	-	93,347
South America	4,244	-	-	4,244	-	-	-	-
Africa	2,826	-	-	2,826	1,938	-	-	1,938
	303,226	-	-	303,226	221,536	-	-	221,536
Asia Fund								
Asia (excluding Japan)	3,518,109	-	(824,780)	2,693,329	2,726,112	207,867	(403,777)	2,530,202
Australia	156,666	-	(78,870)	77,796	24,874	-	-	24,874
Europe – Other	46,968	-	-	46,968	17,722	-	-	17,722
North America	822,784	903,650	-	1,726,434	791,514	231,828	(35,918)	987,424
	4,544,527	903,650	(903,650)	4,544,527	3,560,222	439,695	(439,695)	3,560,222
European Fund								
Australia	49,192	11,779	(55,807)	5,164	352	12,999	(13,230)	121
Europe – Euro	134,229	8,710	(13,589)	129,350	110,958	13,230	(67,953)	56,235
Europe – Other	73,687	16,517	-	90,204	40,465	42,477	-	82,942
North America	30,748	44,169	(11,779)	63,138	12,675	25,364	(12,887)	25,152
	287,856	81,175	(81,175)	287,856	164,450	94,070	(94,070)	164,450
Japan Fund								
Japan	388,225	-	(178,339)	209,886	323,866	99,474	(260,586)	162,754
Korea	29,364	41,967	-	71,331	16,773	-	-	16,773
Australia	262	6,500	(6,500)	262	7,218	56,290	(59,478)	4,030
North America	15,013	142,872	(6,500)	151,385	33,677	320,064	(155,764)	197,977
	432,864	191,339	(191,339)	432,864	381,534	475,828	(475,828)	381,534

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk (cont.)

(i) Foreign Exchange Risk (cont.)

	2014				2013			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
International Brands Fund								
Japan	69,012	-	(8,858)	60,154	56,532	-	(9,338)	47,194
Other Asia	236,576	-	-	236,576	208,509	-	-	208,509
Australia	152,964	-	(51,120)	101,844	155,222	-	(51,100)	104,122
Europe – Euro	285,881	8,858	(13,732)	281,007	215,994	9,338	(13,423)	211,909
Europe – Other	158,807	48,487	-	207,294	111,106	48,196	-	159,302
North America	282,310	34,400	(18,035)	298,675	211,703	38,600	(22,273)	228,030
South America	79,530	-	-	79,530	60,267	-	-	60,267
Africa	13,707	-	-	13,707	7,545	-	-	7,545
	<u>1,278,787</u>	<u>91,745</u>	<u>(91,745)</u>	<u>1,278,787</u>	<u>1,026,878</u>	<u>96,134</u>	<u>(96,134)</u>	<u>1,026,878</u>
International Health Care Fund								
Japan	6,014	-	(511)	5,503	2,666	-	(539)	2,127
Other Asia	837	1,150	-	1,987	1,782	1,169	-	2,951
Australia	20,694	-	(13,393)	7,301	11,143	-	(8,760)	2,383
Europe – Euro	17,112	1,730	-	18,842	12,748	2,865	(1,046)	14,567
Europe – Other	29,928	785	-	30,713	16,414	817	-	17,231
North America	26,021	10,239	-	36,260	18,272	6,084	(590)	23,766
South America	1,317	-	-	1,317	925	-	-	925
	<u>101,923</u>	<u>13,904</u>	<u>(13,904)</u>	<u>101,923</u>	<u>63,950</u>	<u>10,935</u>	<u>(10,935)</u>	<u>63,950</u>
International Technology Fund								
Japan	8,121	-	(6,717)	1,404	4,387	-	(3,957)	430
Other Asia	14,028	-	-	14,028	10,758	-	(1,651)	9,107
Australia	4,095	-	(3,040)	1,055	1,104	-	-	1,104
Europe – Euro	6,419	-	-	6,419	6,136	1,947	-	8,083
Europe – Other	4,238	-	-	4,238	3,124	-	-	3,124
North America	23,459	9,757	-	33,216	14,998	3,661	-	18,659
Africa	1,154	-	-	1,154	493	-	-	493
	<u>61,514</u>	<u>9,757</u>	<u>(9,757)</u>	<u>61,514</u>	<u>41,000</u>	<u>5,608</u>	<u>(5,608)</u>	<u>41,000</u>

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk (cont.)

(i) Foreign Exchange Risk (cont.)

Forward foreign currency contracts and options on forward currency contracts are adjusted against the “Physical” column to arrive at a “Net Exposure” for each currency grouping. The registered schemes generally utilise short dated (90 day maturity) currency agreements with high credit rating counterparties. Generally, the existing forward currency maturity dates range from 79 to 344 days.

Foreign exchange risk sensitivity analysis

The sensitivity analysis below shows the impact a 10% movement in foreign currency at reporting date would have on the registered schemes’ profit on monetary and non-monetary assets and liabilities such as cash, forward contracts and equities.

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and possible future movements. The table presents the foreign currency or currencies with the largest impact on profit for each registered scheme.

	2014 +10% \$'000	2014 -10% \$'000	2013 +10% \$'000	2013 -10% \$'000		2014 +10% \$'000	2014 -10% \$'000	2013 +10% \$'000	2013 -10% \$'000
International Fund					Unhedged Fund				
United States Dollar	(409,852)	500,927	(415,595)	507,951	United States Dollar	(9,894)	12,093	(7,546)	9,222
Euro	(179,993)	219,992	(183,558)	224,349	Japanese Yen	(6,531)	7,982	(4,940)	6,038
Asia Fund					European Fund				
United States Dollar	(154,993)	189,435	(88,856)	108,601	Euro	(11,772)	14,389	(5,120)	6,258
Korean Won	(61,722)	75,439	(50,085)	61,215					
Japan Fund					International Brands Fund				
United States Dollar	(13,762)	16,821	(18,045)	22,055	Euro	(25,601)	31,290	(19,114)	23,362
Japanese Yen	(19,008)	23,232	(14,021)	17,136	United States Dollar	(26,902)	32,880	(20,321)	24,837
International Health Care Fund					International Technology Fund				
United States Dollar	(3,113)	3,804	(2,038)	2,490	United States Dollar	(3,020)	3,691	(1,694)	2,072
Euro	(1,782)	2,177	(1,325)	1,619	Euro	(585)	715	(735)	898

The sensitivity analysis shows that the registered schemes are all materially affected by exchange rate movements (other things being equal), given the global nature of the investments held. Throughout 2013/2014, most of the registered schemes have had minimal exposure to the Australian Dollar, whilst emphasising the United States Dollar.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk (cont.)

(ii) Interest Rate Risk

Interest rate risk is the possibility the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The overwhelming majority of the registered schemes' financial assets and liabilities are non-interest bearing. The registered schemes have a policy of not borrowing money, other than for settlement of trades. Therefore, there is no liability exposure to interest rate risk.

Interest rate risk indirectly affects the registered schemes because interest rate movements will affect forward points used in determining gains or losses on forward contracts. This is not capable of precise estimation. The impact of interest rate movements on our investments is also not capable of precise estimation.

At 30 June 2014 and 2013, if interest rates had changed by +/- 100 basis points with all other variables held constant, the direct impact on interest income would not be significant for any of the registered schemes.

(iii) Price Risk

Market prices fluctuate due to a range of factors specific to the individual investments or factors affecting the market in general.

Platinum Asset Management's stock selection process is core to the management of price risk. Moreover, whilst we use the MSCI to measure relative performance, risk in our view is not solely relative performance versus a benchmark - but also the prospect of losing money (i.e. absolute returns). Platinum adopts a thematic stock selection approach and is referred to as an "active manager". Platinum seeks a broad range of investments whose business and growth prospects are being undervalued by the market. Accordingly, holdings in each of the registered schemes vary considerably from the make-up of the index. Active fund managers such as Platinum seek to out perform the market as represented by an appropriate index.

In addition, the registered schemes (other than Platinum Unhedged Fund) may enter into short equity swaps and futures to protect against market movements. At 30 June 2014, some of the registered schemes maintained short positions against various company specific stocks and market indices. The use of index derivatives allows a Fund to invest in particular companies, whilst providing some degree of protection against more general adverse market price movements.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk (cont.)

(iii) Price Risk (cont.)

Price risk sensitivity analysis

Price risk exposure arises from the registered schemes' investment portfolios that comprise investments in securities. The effect on net assets attributable to unitholders due to a reasonably possible change in market factors, as represented by a +/- 10% movement in the key regional equity index or indices affecting the market that each registered scheme invests in, with all other variables held constant is indicated as follows:

	2014 +10% \$'000	2014 -10% \$'000	2013 +10% \$'000	2013 -10% \$'000		2014 +10% \$'000	2014 -10% \$'000	2013 +10% \$'000	2013 -10% \$'000
International Fund					Unhedged Fund				
United States S&P	244,196	(244,196)	227,114	(227,114)	United States S&P	10,238	(10,238)	7,348	(7,348)
Japanese Topix	137,492	(137,492)	141,728	(141,728)	Japanese Topix	6,560	(6,560)	5,420	(5,420)
Asia Fund					European Fund				
Indian NSE	91,545	(91,545)	34,364	(34,364)	German DAX	6,390	(6,390)	5,798	(5,798)
Korean Kospi	67,895	(67,895)	58,552	(58,552)	United Kingdom FTSE	6,471	(6,471)	3,694	(3,694)
Japan Fund					International Brands Fund				
Japanese Topix	37,664	(37,664)	29,408	(29,408)	United States S&P	22,964	(22,964)	17,094	(17,094)
					United Kingdom FTSE	10,886	(10,886)	10,094	(10,094)
International Health Care Fund					International Technology Fund				
United States S&P	2,437	(2,437)	1,600	(1,600)	United States S&P	2,268	(2,268)	1,194	(1,194)
Swiss Market Index	1,086	(1,086)	670	(670)	Japanese Topix	813	(813)	440	(440)

A sensitivity of 10% has been selected as this is considered reasonably possible. However, given the volatility of the markets, increases or decreases greater than this are possible.

Note that the above analysis is based on the assumption that the registered schemes' stocks moved in correlation with the respective index or indices. The index or indices provided above is a reference point only. Actual movements in stock prices may vary significantly to movements in the index.

An investment management style where the composition of the portfolio is by reference to global share index weightings is often referred to as an "index manager". An index manager tries to match a particular index by investing in securities that are representative of that index.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(c) Market Risk (cont.)

(d) Credit Risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to a registered scheme (typically "non-equity" financial instruments or cash/deposit holdings).

The exposure to credit risk for futures, equity swaps, and forward currency contracts is any unrealised profit, margins and collateral paid on the positions (the money a registered scheme would lose if the counterparty defaulted) at reporting date.

The table below shows the registered schemes counterparty credit risk exposure by credit rating.

Rating	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
AA-	-	3,126	-	-	96,010	193,915	15,768	-
A+	586,698	644,358	16,492	19,324	179,221	93,735	44,457	16,717
A	119,107	109,540	2,308	322	129,346	89,048	1,372	769
A-	162,354	249,940	838	1,034	39,495	55,422	415	2,850
BBB+	-	6,881	-	-	-	1,924	-	545
	868,159	1,013,845	19,638	20,680	444,072	434,044	62,012	20,881

Rating	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
AA-	-	142	84,304	79,674	16,640	9,729	-	-
A+	27,514	26,060	153,930	101,680	4,374	4,103	6,148	7,599
A	2,435	11,530	46,253	32,326	163	191	58	88
A-	10,199	22,606	21,165	18,574	-	374	424	408
BBB+	-	3,010	-	230	-	54	-	3
	40,148	63,348	305,652	232,484	21,177	14,451	6,630	8,098

(Source: Platinum and Standard & Poor's)

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(d) Credit Risk (cont.)

The Investment Manager regularly monitors the registered schemes' credit risk exposures to counterparties and seeks to manage the risk by spreading exposure over a number of counterparties, by signing standard International Swaps and Derivatives Association (ISDA) master agreements and net settlement contracts, employing two-way symmetrical margining of unrealised profits and losses and by controlling the duration of contracts to be short-term.

Transactions in listed securities and investments are only entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

Ageing analysis of receivables

The registered schemes' ageing analysis of receivables (disclosed in Note 8) at 30 June 2014 is as follows:

Ageing	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
0-30 days	2,926	11,683	50	102	3,060	2,044	97	284
31-60 days	2,621	5,291	3	191	1,879	1,204	173	131
61-90 days	414	1,079	-	-	253	327	25	30
90+ days	7,400	4,147	196	32	-	-	234	54
	13,361	22,200	249	325	5,192	3,575	529	499

Ageing	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
0-30 days	192	360	507	2,639	773	18	15	13
31-60 days	10	73	971	469	15	1	28	42
61-90 days	-	31	76	253	5	14	-	-
90+ days	455	42	1,233	-	86	53	-	-
	657	506	2,787	3,361	879	86	43	55

The amounts 90 days and over are past due, but no receivables are impaired.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(e) Liquidity Risk

The registered schemes are exposed to cash redemptions of redeemable units. They hold equities that are traded on active markets and, if necessary, these can be readily disposed.

Contractual maturity analysis

(i) Non-financial liabilities

The amounts below represent the contractual maturity of non-financial liabilities. Note that net assets attributable to unitholders are only included in the maturity analysis below because, under Australian Accounting Standards, unitholders' equity is classified as a liability. For management purposes, net assets attributable to unitholders are not an operating liability.

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payable within 3 months								
Due to brokers – payable for securities purchased	11,916	61,413	-	10,772	4,964	1,352	-	96
Management and administration fees	12,071	9,071	292	170	5,706	4,030	349	172
Payable for Thai Capital Gains Tax	-	-	-	-	259	-	-	-
Unitholders' distribution payable	534,324	204,282	33,186	1,737	276,756	66,009	-	-
Operating liabilities	558,311	274,766	33,478	12,679	287,685	71,391	349	268
Net assets realisable in 1 year or less to meet operating liabilities	9,883,426	8,586,399	303,454	221,861	4,549,719	3,573,845	288,384	165,956
Net assets attributable to unitholders	9,327,682	8,303,284	269,997	209,182	4,262,034	3,492,406	288,036	164,681

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payable within 3 months								
Due to brokers – payable for securities purchased	1,278	9,099	-	12,730	-	-	-	-
Management and administration fees	486	364	1,626	1,149	117	62	72	42
Unitholders' distribution payable	18,453	-	67,116	56,164	-	1,693	3,386	-
Operating liabilities	20,217	9,463	68,742	70,043	117	1,755	3,458	42
Net assets realisable in 1 year or less to meet operating liabilities	433,521	384,746	1,281,460	1,032,135	102,757	64,060	61,557	41,071
Net assets attributable to unitholders	413,304	372,577	1,212,832	960,196	102,685	62,281	58,099	41,013

Assets realisable in 1 year or less include equities, foreign currency contracts, derivatives and cash and cash equivalents.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(e) Liquidity Risk (cont.)

(ii) Financial liabilities

The amounts below represent the maturity of derivative and foreign exchange outflows based on the position at 30 June.

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payable within 3 months								
Derivative contractual outflows	15,806	10,410	103	-	3,494	8,958	-	146
Forward currency contracts	14,784	90	-	-	464	1,090	698	904
Payable between 3 months and 1 year								
Forward currency contracts	7,441	-	-	-	9,455	-	-	-
	38,031	10,500	103	-	13,413	10,048	698	1,050
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payable within 3 months								
Derivative contractual outflows	410	1,852	3,960	1,896	-	32	-	16
Forward currency contracts	1,504	854	301	-	84	17	81	-
	1,914	2,706	4,261	1,896	84	49	81	16

At 30 June 2014, there are no other contractual amounts due or payable after 1 year.

Except for short equity swaps and futures, the maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments. Potential losses from equity swaps and futures are limited to available capital.

The registered schemes are exposed to daily cash redemptions. If necessary, investments may be realised to cover these redemptions as they are generally readily convertible to cash. The risk management guidelines adopted are designed to minimise liquidity risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The registered schemes prepare daily cash forecasts and maintain sufficient cash to meet normal operating requirements. The registered schemes have a policy of not borrowing money, other than on a short-term basis for settlement, trading and like purposes.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(f) Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires the registered schemes to classify their assets and liabilities held at fair value based on the following fair value hierarchy model:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) (level 2); and
- c) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (level 3).

The registered schemes measure and recognise the following assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:

- equity securities, long equity swaps and long futures;
- short equity swaps and short futures; and
- forward currency contracts.

The tables on the following 3 pages analyse within the fair value hierarchy model, the registered schemes' assets and liabilities measured at fair value at 30 June 2014 and 30 June 2013. The registered schemes have no assets or liabilities classified as level 3.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(f) Fair Value Hierarchy (cont.)

30 June 2014	International Fund			Unhedged Fund			Asia Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets									
Equity securities	9,034,160	16,050	9,050,210	285,365	633	285,998	4,086,547	86,551	4,173,098
Derivatives	4,599	-	4,599	-	-	-	516	-	516
Forward currency contracts	-	9,590	9,590	-	-	-	-	3,330	3,330
	9,038,759	25,640	9,064,399	285,365	633	285,998	4,087,063	89,881	4,176,944
Financial liabilities									
Derivatives	13,497	2,309	15,806	103	-	103	2,365	1,129	3,494
Forward currency contracts	-	22,225	22,225	-	-	-	-	9,919	9,919
	13,497	24,534	38,031	103	-	103	2,365	11,048	13,413
Total of financial assets less liabilities	9,025,262	1,106	9,026,368	285,262	633	285,895	4,084,698	78,833	4,163,531
30 June 2013	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets									
Equity securities	7,612,445	-	7,612,445	202,217	-	202,217	3,184,790	10,713	3,195,503
Derivatives	16,152	900	17,052	-	-	-	125	-	125
Forward currency contracts	-	33,323	33,323	-	-	-	-	2,230	2,230
	7,628,597	34,223	7,662,820	202,217	-	202,217	3,184,915	12,943	3,197,858
Financial liabilities									
Derivatives	10,144	266	10,410	-	-	-	7,111	1,847	8,958
Forward currency contracts	-	90	90	-	-	-	-	1,090	1,090
	10,144	356	10,500	-	-	-	7,111	2,937	10,048
Total of financial assets less liabilities	7,618,453	33,867	7,652,320	202,217	-	202,217	3,177,804	10,006	3,187,810

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(f) Fair Value Hierarchy (cont.)

30 June 2014	European Fund			Japan Fund			International Brands Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets									
Equity securities	226,641	-	226,641	394,633	-	394,633	977,334	-	977,334
Derivatives	58	-	58	282	-	282	456	-	456
Forward currency contracts	-	27	27	-	-	-	-	766	766
	226,699	27	226,726	394,915	-	394,915	977,790	766	978,556
Financial liabilities									
Derivatives	-	-	-	410	-	410	3,407	553	3,960
Forward currency contracts	-	698	698	-	1,504	1,504	-	301	301
	-	698	698	410	1,504	1,914	3,407	854	4,261
Total of financial assets less liabilities	226,699	(671)	226,028	394,505	(1,504)	393,001	974,383	(88)	974,295
30 June 2013	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets									
Equity securities	144,702	-	144,702	326,992	-	326,992	796,169	-	796,169
Derivatives	313	-	313	2,140	-	2,140	1,092	-	1,092
Forward currency contracts	-	453	453	-	6,026	6,026	-	850	850
	145,015	453	145,468	329,132	6,026	335,158	797,261	850	798,111
Financial liabilities									
Derivatives	146	-	146	1,852	-	1,852	988	908	1,896
Forward currency contracts	-	904	904	-	854	854	-	-	-
	146	904	1,050	1,852	854	2,706	988	908	1,896
Total of financial assets less liabilities	144,869	(451)	144,418	327,280	5,172	332,452	796,273	(58)	796,215

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(f) Fair Value Hierarchy (cont.)

30 June 2014	International Health Care Fund			International Technology Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets						
Equity securities	80,031	-	80,831	54,965	-	54,965
Derivatives	-	-	-	15	-	15
Forward currency contracts	-	24	24	-	-	-
	80,031	24	80,855	54,980	-	54,980
Financial liabilities						
Derivatives	-	-	-	-	-	-
Forward currency contracts	-	84	84	-	81	81
	-	84	84	-	81	81
Total of financial assets less liabilities	80,031	(60)	80,771	54,980	(81)	54,899

30 June 2013	International Health Care Fund			International Technology Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets						
Equity securities	49,487	-	49,487	32,933	-	32,933
Derivatives	-	-	-	-	-	-
Forward currency contracts	-	205	205	80	-	80
	49,487	205	49,692	33,013	-	33,013
Financial liabilities						
Derivatives	32	-	32	16	-	16
Forward currency contracts	-	17	17	-	-	-
	32	17	49	16	-	16
Total of financial assets less liabilities	49,455	188	49,643	32,997	-	32,997

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(f) Fair Value Hierarchy (cont.)

The registered schemes' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for any assets or liabilities measured at fair value during the half-year.

Valuation techniques used to classify assets and liabilities as level 1

Nearly all of the equity securities and derivatives held by the registered schemes are valued using quoted prices in active markets. Accordingly, nearly all equity securities are classified as Level 1 in the fair-value hierarchy model.

Valuation techniques used to classify assets and liabilities as level 2

There are some financial instruments that have been classified as level 2, because there is a degree of adjustment made to the quoted price i.e., whilst all significant inputs required for fair value measurement are observable and quoted on an active market, there is a degree of estimation or adjustment involved in deriving the fair value. Examples include:

- foreign exchange contracts are classified as level 2, even though forward points are quoted in an active and liquid market. The forward points themselves are based on interest rate differentials;
- certain P-Notes/warrants are classified as level 2, because they are traded over-the counter and are often priced in a different currency to the underlying security;
- certain Over-The Counter (OTC) derivatives/options may be classified as level 2 because, the price is sourced from the relevant counterparty, even though the price (and in the case of options, the relevant delta) can be verified from either Bloomberg or other option pricing models; and
- certain index derivatives are classified as level 2, because the registered schemes may agree with the counterparty to include or exclude one or more securities that make up the "basket" of securities that comprise the index derivative. Hence, the quoted price of the index derivative would be very similar, but not identical, to the index derivative that the registered schemes hold.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities

The registered schemes enter into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, when a credit event occurs (e.g., default), all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the Balance Sheet, as the registered schemes do not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Platinum International Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	4,599	-	4,599	(4,599)	-	-
Forward currency contracts	13,677	(4,087)	9,590	(9,590)	-	-
	18,276	(4,087)	14,189	(14,189)	-	-
30 June 2013						
Derivatives	17,052	-	17,052	(10,410)	-	6,642
Forward currency contracts	70,844	(37,521)	33,323	(90)	-	33,233
	87,896	(37,521)	50,375	(10,500)	-	39,875
Financial liabilities						
30 June 2014						
Derivatives	15,806	-	15,806	(4,599)	(11,207)	-
Forward currency contracts	26,312	(4,087)	22,225	(9,590)	(12,635)	-
	42,118	(4,087)	38,031	(14,189)	(23,842)	-
30 June 2013						
Derivatives	10,410	-	10,410	(10,410)	-	-
Forward currency contracts	37,611	(37,521)	90	(90)	-	-
	48,021	(37,521)	10,500	(10,500)	-	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum Unhedged Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	-	-	-	-	-	-
Forward currency contracts	-	-	-	-	-	-
	-	-	-	-	-	-
30 June 2013						
Derivatives	-	-	-	-	-	-
Forward currency contracts	-	-	-	-	-	-
	-	-	-	-	-	-
Financial liabilities						
30 June 2014						
Derivatives	103	-	103	-	(103)	-
Forward currency contracts	-	-	-	-	-	-
	103	-	103	-	(103)	-
30 June 2013						
Derivatives	-	-	-	-	-	-
Forward currency contracts	-	-	-	-	-	-
	-	-	-	-	-	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum Asia Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	516	-	516	(516)	-	-
Forward currency contracts	3,330	-	3,330	(3,330)	-	-
	3,846	-	3,846	(3,846)	-	-
30 June 2013						
Derivatives	125	-	125	(125)	-	-
Forward currency contracts	14,581	(12,351)	2,230	(1,090)	-	1,140
	14,706	(12,351)	2,355	(1,215)	-	1,140
Financial liabilities						
30 June 2014						
Derivatives	3,494	-	3,494	(516)	(2,978)	-
Forward currency contracts	9,919	-	9,919	(3,330)	(6,589)	-
	13,413	-	13,413	(3,846)	(9,567)	-
30 June 2013						
Derivatives	8,958	-	8,958	(125)	(8,833)	-
Forward currency contracts	13,441	(12,351)	1,090	(1,090)	-	-
	22,399	(12,351)	10,048	(1,215)	(8,833)	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum European Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	58	-	58	-	-	58
Forward currency contracts	127	(100)	27	(27)	-	-
	185	(100)	85	(27)	-	58
30 June 2013						
Derivatives	313	-	313	(146)	-	167
Forward currency contracts	1,187	(734)	453	(453)	-	-
	1,500	(734)	766	(599)	-	167
Financial liabilities						
30 June 2014						
Derivatives	-	-	-	-	-	-
Forward currency contracts	798	(100)	698	(27)	(671)	-
	798	(100)	698	(27)	(671)	-
30 June 2013						
Derivatives	146	-	146	(146)	-	-
Forward currency contracts	1,638	(734)	904	(453)	(451)	-
	1,784	(734)	1,050	(599)	(451)	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum Japan Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	282	-	282	(282)	-	-
Forward currency contracts	-	-	-	-	-	-
	282	-	282	(282)	-	-
30 June 2013						
Derivatives	2,140	-	2,140	(1,852)	-	288
Forward currency contracts	14,048	(8,022)	6,026	(854)	-	5,172
	16,188	(8,022)	8,166	(2,706)	-	5,460
Financial liabilities						
30 June 2014						
Derivatives	410	-	410	(282)	(128)	-
Forward currency contracts	1,504	-	1,504	-	(1,504)	-
	1,914	-	1,914	(282)	(1,632)	-
30 June 2013						
Derivatives	1,852	-	1,852	(1,852)	-	-
Forward currency contracts	8,876	(8,022)	854	(854)	-	-
	10,728	(8,022)	2,706	(2,706)	-	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum International Brands Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	456	-	456	(456)	-	-
Forward currency contracts	876	(110)	766	(301)	-	465
	1,332	(110)	1,222	(757)	-	465
30 June 2013						
Derivatives	1,092	-	1,092	(1,092)	-	-
Forward currency contracts	1,818	(968)	850	-	-	850
	2,910	(968)	1,942	(1,092)	-	850
Financial liabilities						
30 June 2014						
Derivatives	3,960	-	3,960	(456)	(3,504)	-
Forward currency contracts	411	(110)	301	(301)	-	-
	4,371	(110)	4,261	(757)	(3,504)	-
30 June 2013						
Derivatives	1,896	-	1,896	(1,092)	(804)	-
Forward currency contracts	968	(968)	-	-	-	-
	2,864	(968)	1,896	(1,092)	(804)	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum International Health Care Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	-	-	-	-	-	-
Forward currency contracts	24	-	24	(24)	-	-
	24	-	24	(24)	-	-
30 June 2013						
Derivatives	-	-	-	-	-	-
Forward currency contracts	236	(31)	205	(17)	-	198
	236	(31)	205	(17)	-	198
Financial liabilities						
30 June 2014						
Derivatives	-	-	-	-	-	-
Forward currency contracts	84	-	84	(24)	(60)	-
	84	-	84	(24)	(60)	-
30 June 2013						
Derivatives	32	-	32	-	(32)	-
Forward currency contracts	48	(31)	17	(17)	-	-
	80	(31)	49	(17)	(32)	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(g) Offsetting Financial Assets and Financial Liabilities (cont.)

Platinum International Technology Fund	Amounts offset in the Balance Sheet			Related amounts not set-off in the Balance Sheet		
	Gross amounts	Gross amounts set-off in the Balance Sheet	Net amounts presented in the Balance Sheet	Financial Instruments (1)	Cash Collateral	Net Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
30 June 2014						
Derivatives	15	-	15	-	-	15
Forward currency contracts	-	-	-	-	-	-
	15	-	15	-	-	15
30 June 2013						
Derivatives	-	-	-	-	-	-
Forward currency contracts	148	(68)	80	-	-	80
	148	(68)	80	-	-	80
Financial liabilities						
30 June 2014						
Derivatives	-	-	-	-	-	-
Forward currency contracts	81	-	81	-	(81)	-
	81	-	81	-	(81)	-
30 June 2013						
Derivatives	16	-	16	-	(16)	-
Forward currency contracts	68	(68)	-	-	-	-
	84	(68)	16	-	(16)	-

(1) Shows the impact of arrangements between the registered schemes and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Balance Sheet, as they are not currently enforceable.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 10 Financial Risk Management (cont.)

(h) Capital Risk Management

The responsible entity manages the registered schemes' net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change on a daily basis as the registered schemes are subject to daily applications and redemptions at the discretion of unitholders.

The responsible entity is required to hold an Australian Financial Services Licence (AFSL). As a holder of an AFSL, the Australian Securities and Investment Commission (ASIC) requires the responsible entity to:

- prepare rolling 12 month cash-flow projection, which must be approved at least quarterly by directors; and
- hold at all times minimum Net Tangible Assets (NTA) the greater of:
 - \$150,000;
 - 0.5% of the average value of scheme property (capped at \$5 million); or
 - 10% of the average responsible entity (RE) revenue.

The Responsible Entity must hold at least 50% of its minimum NTA requirement as cash or cash equivalents and hold at least \$50,000 in Surplus Liquid Funds (SLF).

The responsible entity has complied with all externally imposed requirements to hold an AFSL during the year.

Note 11 Key Management Personnel Disclosures

AASB 124: *Related Party Disclosures* defines key management personnel as “persons having authority and responsibility for planning, directing and controlling activities of the entity”. The only employees that have this authority and responsibility are the Directors of Platinum Investment Management Limited.

Directors

The following persons were Directors of Platinum Investment Management Limited during the year and up to the date of this report:

Kerr Neilson
Andrew Clifford
Philip Howard

There are no other key management personnel within Platinum Investment Management Limited.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 11 Key Management Personnel Disclosures (cont.)

Key management personnel compensation

The Directors are all employees of Platinum Investment Management Limited and are paid remuneration in their capacity as employees of Platinum Investment Management Limited. The Directors are not compensated by the registered schemes. The total remuneration paid in aggregate terms is as follows:

	2014	2013
	\$	\$
Cash salary	1,275,000	1,150,000
Increase/(decrease) in annual and long service leave (1)	15,077	95,779
Short and long-term incentives	1,904,650	607,500
Post-employment benefits - superannuation	53,325	49,410
Share-based payments (2)	-	1,284,014
	<u>3,248,052</u>	<u>3,186,703</u>

(1) These amounts were not received as cash or as compensation by the Directors.

(2) Relates to instances where the options vest over a number of years and some of the vesting period fell during the year. There is no accounting expense in 2014 because the options fully vested in 2013. The amount expensed for accounting purposes does not represent the amount received by the Executives.

Service Agreements

The Directors do not have service agreements as they are employees of Platinum Investment Management Limited.

Related parties

Disclosures relating to manager's fees payable to Platinum Investment Management Limited are set out in note 12.

All of the Directors listed above are also Directors of Platinum Asset Management Limited (listed holding company of Platinum Investment Management Limited). The remuneration paid by Platinum Investment Management Limited to these Directors has been disclosed above.

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 12 Related Parties

Responsible Entity

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the registered schemes.

Directors of the Responsible Entity

Key management personnel includes persons who were Directors of Platinum Investment Management Limited at any time during the financial year as follows:

Kerr Neilson
Andrew Clifford
Philip Howard

There were no other persons with responsibility for planning, directing and controlling the activities of the responsible entity, directly or indirectly during the financial year.

Transactions with key management personnel

Key management personnel services are provided by Platinum Investment Management Limited and included in the responsible entity fees on page 59. There was no compensation paid directly by the registered schemes to any of the key management personnel.

Related party unitholdings

Units held by related parties of the registered schemes are as follows:

Unitholder	No. of units held opening	No. of units held closing	Investment (cum- distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum International Fund							
30 June 2014							
Key management personnel	7,440,980	7,824,931	16,012,939	0.16	423,952	-	822,678
Other related parties	70,951,942	75,419,856	154,339,193	1.57	4,467,914	-	7,935,234
Responsible entity	749,853	5,775	11,818	-	-	744,077	642
30 June 2013							
Key management personnel	3,776,540	7,440,980	13,226,291	0.15	3,624,439	-	310,534
Other related parties	54,036,016	70,951,942	126,798,215	1.48	16,915,926	-	2,978,701
Responsible entity	1,312,059	749,853	1,340,061	0.02	17,854	580,061	31,469

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 12 Related Parties (cont.)

Related party unitholdings (cont.)

Unitholder	No. of units held opening	No. of units held closing	Investment (cum-distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum Unhedged Fund							
30 June 2014							
Key management personnel	1,734,406	1,947,581	3,036,279	1.00	213,175	-	296,719
Other related parties	20,312,377	22,966,711	35,805,103	11.84	2,654,334	-	3,497,380
Responsible entity	1,824	1,824	2,844	-	-	-	312
30 June 2013							
Key management personnel	1,720,145	1,734,406	2,231,139	1.05	14,260	-	18,240
Other related parties	20,016,392	20,312,377	26,129,842	12.34	295,986	-	213,621
Responsible entity	1,824	1,824	2,346	-	-	-	19
Platinum Asia Fund							
30 June 2014							
Key management personnel	4,519,793	4,813,285	14,046,127	0.31	293,492	-	806,281
Other related parties	40,755,966	43,485,900	126,900,554	2.80	2,729,934	-	7,312,795
Responsible entity	4,269	4,269	12,458	-	-	-	762
30 June 2013							
Key management personnel	2,744,669	4,519,793	11,445,471	0.32	1,775,124	-	207,901
Other related parties	33,557,664	40,755,966	103,206,333	2.86	7,198,302	-	1,877,212
Responsible entity	64,846	4,269	10,810	-	-	60,577	200

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 12 Related Parties (cont.)

Related party unitholdings (cont.)

Unitholder	No. of units held opening	No. of units held closing	Investment (cum-distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum European Fund							
30 June 2014							
Key management personnel	2,267,610	2,267,610	5,998,055	2.09	-	-	-
Other related parties	13,518,347	13,609,624	35,998,818	12.53	91,277	-	-
Responsible entity	4,649	4,649	12,298	-	-	-	-
30 June 2013							
Key management personnel	2,267,610	2,267,610	5,059,945	3.07	-	-	-
Other related parties	13,434,661	13,518,347	30,164,840	18.30	-	-	-
Responsible entity	4,649	4,649	10,375	0.01	-	-	-
Platinum Japan Fund							
30 June 2014							
Key management personnel	4,690,647	4,900,073	15,219,138	3.53	209,427	-	624,217
Other related parties	37,692,557	39,500,318	122,684,037	28.49	1,807,760	-	5,044,985
Responsible entity	4,684	4,684	14,548	-	-	-	623
30 June 2013							
Key management personnel	2,553,552	4,690,647	12,725,724	3.41	2,137,095	-	-
Other related parties	30,698,391	37,692,557	102,259,908	27.43	6,994,166	-	-
Responsible entity	4,684	4,684	12,708	-	-	-	-
Platinum International Brands Fund							
30 June 2014							
Other related parties	2,521,961	2,678,152	7,066,840	0.55	156,191	-	351,867
Responsible entity	5,015	5,015	13,234	-	-	-	696
30 June 2013							
Other related parties	2,369,281	2,521,961	6,338,193	0.61	152,680	-	330,986
Responsible entity	5,015	5,015	12,605	-	-	-	697

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 12 Related Parties (cont.)

Related party unitholdings (cont.)

Unitholder	No. of units held opening	No. of units held closing	Investment (cum- distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum International Health Care Fund							
30 June 2014							
Other related parties	14,169,040	14,267,641	24,193,638	23.62	98,601	-	-
Responsible entity	10,071	10,071	17,078	0.02	-	-	-
30 June 2013							
Other related parties	9,516,772	14,169,040	20,567,778	31.61	4,652,268	-	530,432
Responsible entity	10,071	10,071	14,619	0.02	-	-	387
Platinum International Technology Fund							
30 June 2014							
Other related parties	6,960,398	7,409,628	10,812,871	17.63	449,230	-	564,155
Responsible entity	9,410	9,410	13,731	0.02	-	-	758
30 June 2013							
Other related parties	6,917,614	6,960,398	8,344,822	20.32	42,784	-	-
Responsible entity	9,410	9,410	11,281	0.03	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 12 Related Parties (cont.)

Responsible Entity Fees

Fees paid by the registered schemes include management fees (calculated at 1.44% per annum inclusive of GST of the registered schemes' net asset value and payable monthly) and administration fees (calculated at 0.10 % per annum inclusive of GST of the registered schemes' net asset values and payable monthly). The fees, exclusive of GST, are as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Fees for the year expensed by the registered schemes to the responsible entity	137,984,322	106,735,938	3,962,641	2,549,564	59,931,192	47,182,582	3,601,092	2,061,822
Aggregate amounts payable by the registered schemes at reporting date	12,070,986	9,070,380	292,877	169,758	5,706,776	4,030,348	348,731	172,088
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Fees for the year expensed by the registered schemes to the responsible entity	6,165,000	4,418,866	17,865,243	11,889,738	1,305,989	678,947	791,821	563,080
Aggregate amounts payable by the registered schemes at reporting date	486,541	364,490	1,626,050	1,148,830	116,591	61,366	72,128	42,221

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities

(a) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes deposits at call and cash at bank. Cash at the end of the period, as shown in the Statements of Cash Flows, is reconciled to the related items in the Balance Sheets as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	641,437	631,757	16,493	19,319	330,425	266,908	61,493	16,715
Margin accounts	204,827	271,773	838	-	50,571	105,504	335	3,317
	846,264	903,530	17,331	19,319	380,996	372,412	61,828	20,032

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	30,116	26,055	278,919	181,564	21,141	13,831	6,206	6,550
Margin accounts	9,747	23,027	25,573	49,099	11	476	409	1,453
	39,863	49,082	304,492	230,663	21,152	14,307	6,615	8,003

The registered schemes maintain bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bears floating interest rates in the range of 0% to 2.65%. Information in relation to the registered schemes' exposures to interest rate risk is provided in Note 10.

(b) Non Cash Financing Activities

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
During the year, the following distribution payments were reinvested in additional units	195,824	79,854	21,636	1,097	163,821	36,139	-	-

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (cont.)

(b) Non Cash Financing Activities (cont.)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
During the year, the following distribution payments were reinvested in additional units	12,169	-	16,307	14,591	-	1,121	1,815	-

(c) Reconciliation of Net Cash from Operating Activities to Operating Profit

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	1,434,802	2,369,922	49,815	53,927	643,908	763,413	33,844	38,201
(Increase)/decrease in investments	(1,374,048)	(1,458,030)	(83,678)	(58,452)	(975,721)	(622,531)	(81,610)	(31,089)
(Increase)/decrease in exchange rates	35,417	(77,673)	692	(1,183)	9,379	(29,063)	45	(2,199)
(Increase)/decrease in settlements receivable	8,434	1,498	68	(68)	(314)	(22)	166	(152)
(Increase)/decrease in dividends and tax refund receivable	578	(5,243)	33	(35)	(1,200)	(1,478)	(131)	(115)
(Increase)/decrease in interest receivable	(21)	-	(14)	-	(30)	109	(50)	(1)
(Increase)/decrease in other receivables	(152)	162	(11)	(5)	(73)	(98)	(15)	(4)
Increase/(decrease) in settlements payable	(49,497)	48,787	(10,772)	9,568	3,612	1,063	(96)	96
Increase/(decrease) in management and administration fees payable	3,000	999	122	36	1,676	731	177	29
Increase/(decrease) in Indian and Thai capital gains tax payable	-	(352)	-	-	259	(3,434)	-	-
Increase/(decrease) in other payables	-	-	-	-	-	-	-	-
Net Cash Flows from operating activities	58,513	880,070	(43,745)	3,788	(318,504)	108,690	(47,670)	4,766

Notes to the Financial Statements

For the year ended 30 June 2014 (cont.)

Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (cont.)

(c) Reconciliation of Net Cash from Operating Activities to Operating Profit (cont.)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net operating profit/(loss)	54,284	136,341	112,141	227,815	13,664	14,194	9,399	8,791
(Increase)/decrease in investments	(60,549)	(36,600)	(178,080)	(306,417)	(31,128)	(27,267)	(21,902)	(805)
(Increase)/decrease in exchange rates	2,988	(4,163)	3,509	(6,874)	106	(393)	271	(387)
(Increase)/decrease in settlements receivable	169	(308)	1,815	(1,813)	(747)	167	-	-
(Increase)/decrease in dividends and tax refund receivable	(320)	326	(1,213)	(531)	(41)	(38)	18	37
(Increase)/decrease in interest receivable	5	(4)	5	174	(1)	15	(4)	4
(Increase)/decrease in other receivables	(5)	(3)	(33)	(35)	(4)	(4)	(2)	1
Increase/(decrease) in settlements payable	(7,821)	8,865	(12,730)	11,401	-	-	-	-
Increase/(decrease) in management and administration fees payable	122	(9)	477	350	55	32	30	(2)
Increase/(decrease) in Indian capital gains tax payable	-	-	-	(476)	-	-	-	-
Increase/(decrease) in other payables	-	(2)	-	-	-	-	-	-
Net Cash Flows from operating activities	(11,127)	104,443	(74,109)	(76,406)	(18,096)	(13,294)	(12,190)	7,639

Note 14 Events Occurring after the Balance Sheet Date

No significant events have occurred since Balance Sheet date that would impact the financial position of the registered schemes as at 30 June 2014 and the results of the year ended on that date.

Note 15 Contingent Assets, Liabilities and Commitments

The registered schemes have no contingent assets, liabilities or commitments as at 30 June 2014 and 30 June 2013.

Statement of Net Asset Value

For the year ended 30 June 2014

Reconciliation of Net Asset Value before unitholders' liability, in accordance with Australian Accounting Standards, to the Redemption Value*

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net assets attributable to unitholders per balance sheet	9,327,682	8,303,284	269,997	209,182	4,262,034	3,492,406	288,036	164,681
Distributions paid and payable to unitholders	534,324	204,282	33,186	1,737	276,756	66,009	-	-
Redemption cost of financial assets	(24,655)	(21,284)	(758)	(528)	(11,347)	(8,940)	(720)	(413)
Difference between "bid" price under Australian Accounting Standards and last price**	-	5,993	-	318	-	17,519	-	574
Net Asset Value for redemption purposes	9,837,351	8,492,275	302,425	210,709	4,527,443	3,566,994	287,316	164,842
Redemption price	2.0464	1.7871	1.5590	1.2864	2.9182	2.5323	2.6451	2.2314
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net assets attributable to unitholders per balance sheet	413,304	372,577	1,212,832	960,196	102,685	62,281	58,099	41,013
Distributions paid and payable to unitholders	18,453	-	67,116	56,164	-	1,693	3,386	-
Redemption cost of financial assets	(1,079)	(934)	(3,200)	(2,547)	(257)	(160)	(154)	(103)
Difference between "bid" price under Australian Accounting Standards and last price**	-	1,130	-	2,400	-	108	-	157
Net Asset Value for redemption purposes	430,678	372,773	1,276,748	1,016,213	102,428	63,922	61,331	41,067
Redemption price	3.1059	2.7130	2.6387	2.5132	1.6957	1.4516	1.4593	1.1989

* The day of the week that the reporting period ends will determine whether the above redemption price will be available for unitholders to sell their holdings.

** For the 30 June 2014 balances, there is no difference between "bid" and "last" price because the registered schemes have applied the new accounting standard AASB 13 *Fair Value Measurement* which permits the use of last-sale pricing to value investments. Therefore, there is now consistency between the valuation basis used to price investments as part of the daily Net Asset Value and the IFRS financial statements.

Directors' Declaration

In the Directors' opinion, the financial statements and notes of:

Platinum International Fund

Platinum Unhedged Fund

Platinum Asia Fund

Platinum European Fund

Platinum Japan Fund

Platinum International Brands Fund

Platinum International Health Care Fund

Platinum International Technology Fund (together the 'registered schemes') as set out on pages 6 to 61

- (a) are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the financial positions of the registered schemes as at 30 June 2014 and of their performances as represented by the results of their operations, changes in equity and their cash flows for the year ended on that date;
- (b) there are reasonable grounds to believe that the registered schemes will be able to pay their debts as and when they become due and payable; and
- (c) Note 2 (a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Philip Howard
Director

Sydney
20 August 2014



Independent auditor's report to the unitholders of

**Platinum International Fund;
Platinum Unhedged Fund;
Platinum Asia Fund;
Platinum European Fund;**

**Platinum Japan Fund;
Platinum International Brands Fund;
Platinum International Health Care Fund; and
Platinum International Technology Fund**

Report on the financial report

We have audited the accompanying financial report of the Platinum International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund, and the Platinum International Technology Fund (the Registered Schemes), which comprises the Balance Sheets as at 30 June 2014, the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of Platinum Investment Management Limited (the responsible entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Platinum International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund, and the Platinum International Technology Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.



- (b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

PricewaterhouseCoopers

Joe Sheeran
Partner

Sydney
20 August 2014