

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

The Platinum Trust® Quarterly Report

31 March 2008



Platinum®
ASSET MANAGEMENT

CONTENTS

International Fund	page 4
Reviewing the fallout from the Fed's big play.	
Unhedged Fund	page 8
The case for tech stocks.	
Asia Fund	page 10
Inflation, currency controls and politics in the region.	
European Fund	page 13
Perspectives on the banks and newcomers in the portfolio.	
Japan Fund	page 16
A fresh look at old reasons for Japan's non-performance.	
International Brands Fund	page 20
If you can't own a BMW, bring on the Vespa!	
International Health Care Fund	page 23
Elekta shows the way for medical device companies.	
International Technology Fund	page 26
Tech companies struggle to adjust to more difficult realities.	

Experts ...

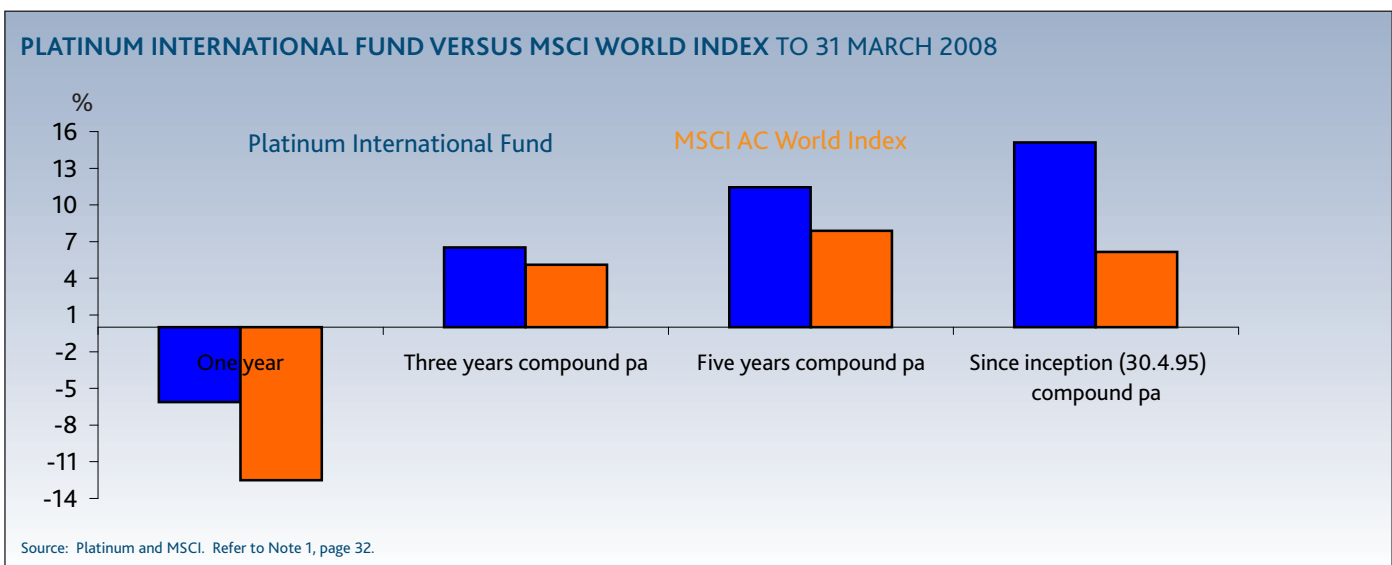
We recognise that our greatest untapped resource is our readers. If you are an industry expert, we would welcome your comments and ideas.

Do email us at:
commentary@platinum.com.au

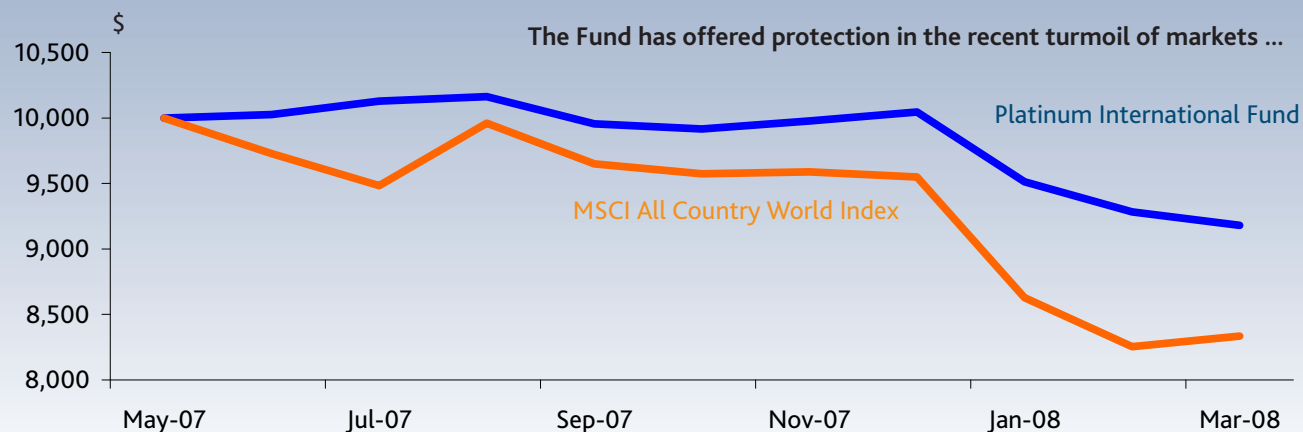
PERFORMANCE RETURNS TO 31 MARCH 2008

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND MSCI AC* WORLD INDEX	\$8,145m	-8.6% -12.7%	-6.1% -12.5%	-3.5% -5.4%	6.5% 5.1%	11.4% 7.9%	15.1% 6.2%
UNHEDGED FUND MSCI AC WORLD INDEX	\$54m	-9.7% -12.7%	-6.4% -12.5%	-0.8% -5.4%	12.0% 5.1%	- -	12.2% 5.3%
ASIA FUND MSCI AC ASIA EX JAPAN INDEX	\$2,978m	-11.7% -17.7%	12.1% 5.1%	8.6% 6.9%	20.6% 17.9%	28.4% 19.4%	28.0% 18.2%
EUROPEAN FUND MSCI AC EUROPE INDEX	\$274m	-10.2% -12.3%	-15.9% -10.9%	-3.6% -0.8%	6.7% 9.1%	14.7% 13.5%	13.1% 1.7%
JAPAN FUND MSCI JAPAN INDEX	\$521m	-15.3% -11.3%	-26.2% -24.5%	-18.4% -17.1%	-1.6% 0.7%	9.4% 5.9%	15.4% 0.0%
INTERNATIONAL BRANDS FUND MSCI AC WORLD INDEX	\$534m	-11.4% -12.7%	-11.0% -12.5%	-4.1% -5.4%	9.2% 5.1%	15.3% 7.9%	13.7% -2.8%
INTERNATIONAL HEALTH CARE FUND MSCI AC WORLD HEALTH CARE INDEX	\$19m	-10.5% -12.4%	-9.7% -16.7%	-9.3% -10.9%	6.7% -0.8%	- -	1.8% 1.2%
INTERNATIONAL TECHNOLOGY FUND MSCI AC WORLD IT INDEX	\$49m	-12.7% -16.8%	-13.4% -12.2%	-7.8% -10.3%	4.5% 1.3%	9.6% 3.5%	7.8% -14.0%

*Morgan Stanley Capital International All Country
Source: Platinum and MSCI. Refer to Note 1, page 32.

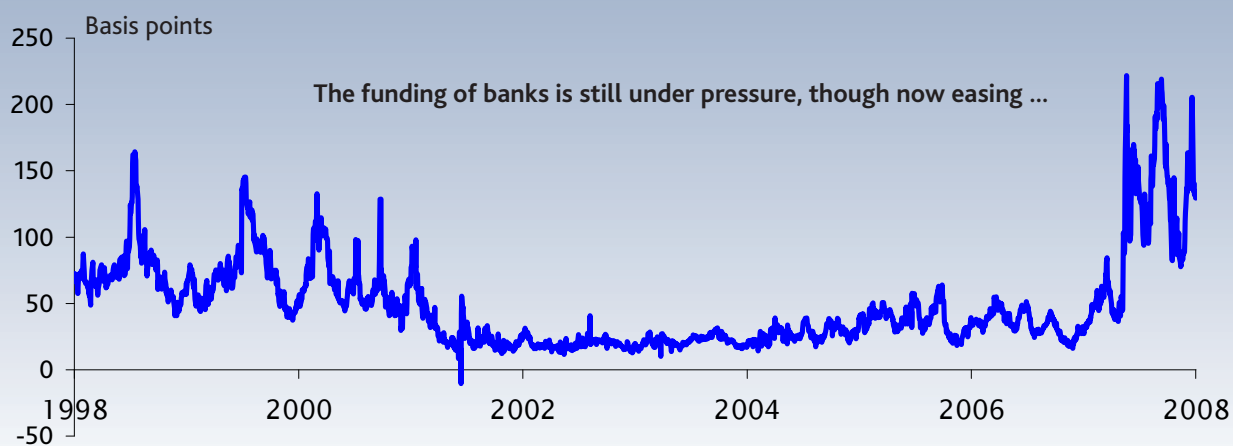


VALUE OF \$10,000 INVESTED IN THE PLATINUM INTERNATIONAL FUND - 31 MAY 2007 TO 31 MARCH 2008



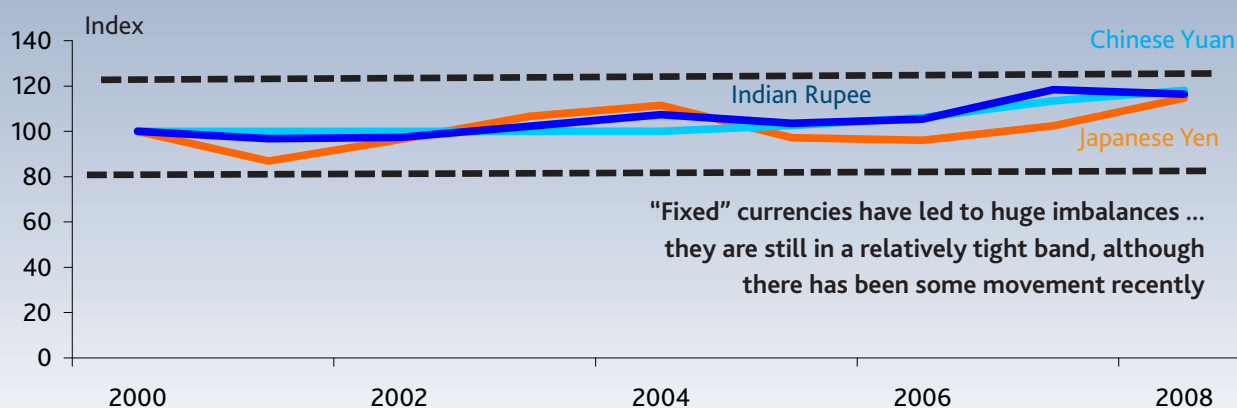
Source: Platinum and MSCI. Refer to Note 1, page 32.

THREE MONTH INTERBANK RATE - THREE MONTH US TREASURY BILL RATE



Source: Factset

ASIAN CURRENCIES INDEXED VERSUS US DOLLAR



Source: Macquarie Securities, BOJ, BEA, Bloomberg

PLATINUM INTERNATIONAL FUND



Kerr Neilson
Managing Director

PERFORMANCE

The Fund is down by 8.6% for the quarter versus -12.7% for the MSCI; for the last 12 months the figures are respectively -6.1% and -12.5%, an outperformance by the Fund of over 6%. While acceptable in a relative sense, this is not what most clients are interested in. (By way of reference, an aggregation of 15 global fund managers has by comparison returned -15% over the last 12 months to 31 March 2008). Unlike the experience of the tech bubble, where there was a great disparity in values between expensive tech stocks and cheap 'old world' alternatives, this downturn began with much more clustering of values and fewer cheap extremes to take advantage of. We successfully avoided exposure to the financials and other hot areas, and derived some protection from shorting specific indices.

CURRENCY

There are reasons to believe that the US dollar is in the process of bottoming out versus the Euro. It is interesting to see how the spreads of sovereign debt of some of the peripheral Euro countries have widened versus the Bunds, highlighting some concerns within the Euro block. With this in mind we have added US dollar exposure and at the same time cut the Australian dollar exposure to 12%. We sense that the Australian currency is in the process of losing upward momentum after its commodity-induced bull market. We continue to favour the currencies of Asia and they now constitute 56% of the Fund's currency exposure.

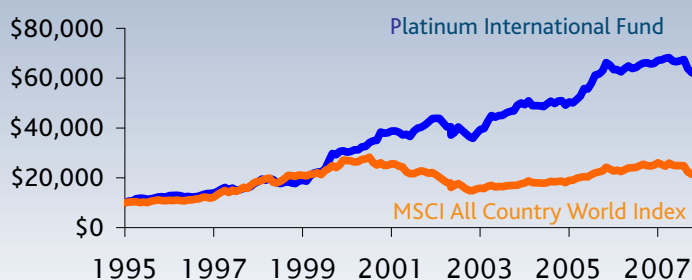
MSCI WORLD INDEX SECTOR PERFORMANCE (AUD)

SECTOR	QUARTER	1 YEAR
TELECOMMUNICATIONS	-17%	-7%
INFORMATION TECHNOLOGY	-17%	-12%
FINANCIALS	-16%	-27%
CONSUMER DISCRETIONARY	-13%	-23%
ENERGY	-12%	7%
HEALTH CARE	-12%	-17%
UTILITIES	-12%	-6%
INDUSTRIALS	-11%	-8%
CONSUMER STAPLES	-7%	-3%
MATERIALS	-6%	8%

Source: MSCI

VALUE OF \$10,000 INVESTED SINCE INCEPTION

1 MAY 1995 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

DISPOSITION OF ASSETS		
REGION	MAR 2008	DEC 2007
NORTH AMERICA	24%	24%
EUROPE	22%	22%
JAPAN	21%	21%
ASIA AND OTHER	19%	19%
CASH	14%	14%
SHORTS	31%	29%

Source: Platinum

CHANGES TO THE PORTFOLIO

There have been relatively few significant changes in the portfolio. We no longer hold any Indian shares having disposed of HDFC after a long and highly profitable innings. In Japan we consolidated holdings in companies that have demonstrable global leadership or very large market shares such as Murata, Tokyo Electron and JGC. Admittedly they will experience the negative impact of the appreciating Yen, but their prices have so contracted (down 30% to 50% in the last 12 months), that they are now priced as inferior companies, which they are not.

Two companies that have been hurt by exposure to the sub-prime mess, Bank of China and SinoPac in Taiwan, gave us an opportunity to increase our position at lower prices. Apart from the write-offs they have taken, the market is also reacting to the motivation behind the decision to purchase such assets. We have bought these companies on the basis of a complete write-off of these assets which in the case of the Bank of China's holdings of AAA sub-prime paper, is highly unlikely. Current prices keenly ignore their growth prospects.

A disappointing company we have held for quite a while is SK Telecom which ran up 30% on speculation early in the quarter. We have almost eliminated the holding, using the proceeds to add to Samsung Electronics.

PLATINUM INTERNATIONAL FUND - TOP 20 STOCKS		
STOCK	INDUSTRY	MAR 2008
MICROSOFT CORP	TECHNOLOGY	3.2%
BOMBARDIER	TRANSPORT	2.5%
INTERNATIONAL PAPER	PAPER	2.5%
HUTCHISON WHAMPOA	TELCO/TRANSPORT	2.5%
SIEMENS	ELECTRICAL	2.4%
SAMSUNG ELECTRONICS	ELECTRICAL	2.4%
CISCO SYSTEMS	TECHNOLOGY	2.3%
BARRICK GOLD	GOLD	2.1%
HENDERSON LAND DEV	PROPERTY	1.8%
BANK OF CHINA	FINANCIAL	1.7%
DENSO CORP	AUTO	1.6%
PPR	RETAIL	1.6%
POLARIS SECURITIES	FINANCIAL	1.6%
PERNOD RICARD	BEVERAGE	1.6%
BMW	AUTO	1.6%
MITSUBISHI TOKYO FINANCIAL	FINANCIAL	1.6%
CREDIT AGRICOLE	FINANCIAL	1.5%
SCHNEIDER ELECTRIC	ELECTRICAL	1.5%
ERICSSON	TELECOM	1.5%
HENKEL KGAA	CONSUMER	1.5%

Source: Platinum

Samsung, along with its leading position in mobile phones and flat panel TVs, is also the world's largest producer of DRAMS. This product is suffering price pressure and seemingly, Samsung is the only profitable producer. Other manufacturers of this semi-conductor storage device are suffering severe losses as the price of a standard 512 Mb DRAM has fallen from \$4 to \$2 in a single year. Mounting losses from an inefficient production scale and the closure of these fabricating plants that convert 200mm wafers (accounting for some 25% of world output) should shortly reverse prices in the industry. Even though we cannot identify longer-term structural changes that will improve the (largely) price-taking nature of the memory business, current stock market pricing of industry participants reflects total and implausible gloom.

SHORTING

As previously noted, we were totally flummoxed by the August 2007 market kickback but we fortunately recovered our poise to re-establish positions that partly protected us in the January and March sell-offs. We have made fair returns from shorting broader indices such as small caps in the US, the German DAX index, the Indian market and other emerging market Exchange Traded Funds. More recently we have shifted our focus to commodity stocks and the like. We closed the quarter with 31% short.

COMMENTARY

The financial contagion added new victims to its already long list during the quarter. While there were various emotive articles about the speed and **aggression of the Federal Reserve Board's response** to the "run" on Bear Stearns, which included the back-up provision of \$30 billion of special financing to JP Morgan Chase to fund Bear's less liquid assets, as well as the provision of a facility allowing the Fed to lend directly to broker dealers, one might have argued that this was inevitable.

The point here is that financial innovation that accelerated with the repeal of the Glass-Steagall Act¹ in 1999 ensured that the **roles of commercial banks and the broker dealers have become closely integrated**. While commercial banks are overseen by their regional Federal Reserve Bank which specify capital requirements, the broker dealers, as non-deposit taking entities, are overseen by the Securities and Exchange Commission which in its role as the protector of investor interests has seemingly little to say about their capital adequacy.

The Fed is not the only regulator to have been lulled into complacency and to have failed to keep abreast of some of the more arcane banking developments. In the UK for example, British banks had gradually introduced hybrid equity to meet their statutory reserve ratios and simultaneously have become highly dependent on the inter-bank market, with loan to deposit ratios in excess of 150% and "real" equity ratios of say 2% to 4%. For good measure some also engaged in the shadow banking activity of special investment vehicles (SIVs). It is our belief that in their urge to raise their return on equity, some of these financial institutions have compromised their longer-term prospects. Either way, as the dust settles one can expect much tighter regulatory oversight which will be accompanied by the need to bolster their equity reserves. This is likely to be dilutive to shareholders; in other words, their apparent low PEs are an illusion.

The repetitive pattern of markets discouragingly suggests that the lessons of history are seldom, if ever learned. When tracing earlier banking calamities, the script is a variation on the following: financial deregulation followed by exaggerated credit growth, leading to an asset bubble. As this pops, the system is left with non-performing loans, an asset price correction, and depending on the nature of the intervention by the government, broader or narrower economic contraction.

The Asian experience of 1998 was particularly severe because the excesses were funded in foreign currencies. The collapse of their currencies and limited intervention by their governments exacerbated the economic upheaval. Government indecision was the hallmark of the 1989 crunch in Japan and resulted in a protracted resolution of problem loans. The two memorable US episodes were the establishment of Home Owners' Loan Corporation (HOLC), a federal agency to buy and refinance distressed mortgages, and the Reconstruction Finance Corporation (RFC) which provided liquidity to the surviving banks in the Great Depression in 1933. The Savings and Loans debacle from 1986 to 1989 saw a similar solution

¹ The Glass-Steagall Act was promulgated in 1933 following a series of runs on bank deposits and many bank failures. Together with an amendment to provide for deposit insurance, it segregated the roles of commercial banks from those of investment banks with the intent of protecting the savings of depositors from excessive leveraging by the banks.

with the creation of the Resolution Trust Corporation (RTC), to provide government sponsored warehousing of assets to ensure orderly disposal.

Interestingly, aside from the immediate funk, it is clear that the **intervention by the Central bank, as the lender of last resort, has generally brought order within a relatively short time with no great long-term cost to the exchequer**, though often at the cost of economic contraction².

We are still well short of fully understanding the extent of the likely write-offs. This has still to play out on account of the feedback loop as regards growth, employment, interest rates and housing affordability. While making terrific headlines, commentary about economic growth should not distract us from the main game which is company earnings. Clearly input costs are for the moment rising steeply and it is our view that **the squeeze on credit will tend to be expressed in slimmer profit margins rather than an incipient rise and acceleration of inflation**. As we have said before, the effect of over-leveraging is to create a deflationary pulse as debt is subsequently reduced. In the US for example, the impact of the rise of the oil price has already been recorded in the CPI, accounting for a full 1.5% of the increase in the last year. Even the weakness of the US dollar is still barely showing with import cost rises being relatively mild, (bear in mind imports constitute approximately 16% of GNP). The *socialisation* of the recent excesses, with the effect of spreading the burden broadly and punishing savers with negative interest rates (ie. below inflation) can, however, create longer-term inflationary pressures.

OUTLOOK

For the time being the fear of a domino effect of a dealer/broker meltdown has been averted by the Fed and other Central bank action. There will follow a period of retrenchment with commercial and investment banks seeking further equity to top-up and prop-up their solvency. Simultaneously we can expect much tighter credit controls and accelerated asset sales and closer regulatory scrutiny.

Valuations have clearly fallen dramatically and our interpretation is that market participants are **already factoring in a significant drop in aggregate profits**. The world market, ex the US, is perhaps on a price earnings ratio of 11 to 12 times for 2008, the lowest since 1988. However, broker analysts are way behind the reality curve when they forecast aggregate earnings growth in low double digits for this year and next. In a typical global earnings cycle, the profit downturn lasts for 20 to 24 months with the market tending to **anticipate the peak by 12 to 15 months**. The pattern has been for the **market to trough at around the time when peak earnings are reported (about now?)**, to recover for several months and then retest low or lower ground. As we all know, the stock market is an anticipatory mechanism, in a state of self-organised criticality. The problem we all face is how much is already factored into today's prices!

² The same approach was adopted in the Swedish banking crisis of 1992 and the nominal cost to the government for supporting the banks was put at about 3.6% of GDP before some recoveries from asset sales. The economy contracted by 6% between 1991-93, even with government fiscal stimulation amounting to 8% of GDP. Housing prices were estimated to have fallen by 25% and commercial property by more.

PLATINUM UNHEDGED FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio include (position in prior quarter):

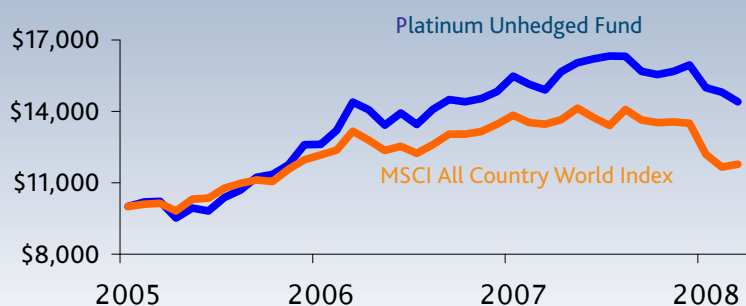
- 16% (13%) Asia ex-Japan/Hong Kong, largest exposure Thailand, a key neglected Asian market, followed by Korea, Taiwan and Malaysia.
- 14% (12%) Technology, Health Care and other once proud “growth” stocks.
- 12% (12%) Pulp and Paper, key neglected part of the commodities complex.
- 11% (10%) Japanese domestic (eg. property, construction, etc); after a 14 year bear market, the Japanese property market is showing some signs of life.
- 10% (12%) Energy, Agriculture and “Green” Technology – a long duration theme.
- 8% (8%) Global infrastructure/energy capex related – combination of the BRICs (Brazil, Russia, India and China) emerging requirements and the need to “renew” key parts of Western public infrastructure.
- 7% (8%) Hong Kong listings, largely China consumption exposures (eg. property and retail).
- 7% (7%) Gold, a laggard metal, inflation and US dollar hedge.
- 5% (6%) European advertising spend recovery and other domestic exposures.

DISPOSITION OF ASSETS

REGION	MAR 2008	DEC 2007
NORTH AMERICA	31%	29%
ASIA AND OTHER	28%	28%
JAPAN	20%	21%
EUROPE	12%	12%
AUSTRALIA	1%	2%
CASH	8%	8%

Source: Platinum and MSCI

VALUE OF \$10,000 INVESTED SINCE INCEPTION 31 JANUARY 2005 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the past 12 months the Fund fell 6.4%, outperforming the MSCI All Countries World Index (A\$) benchmark by 6.1% and over the past quarter the Fund fell 9.7%, outperforming the benchmark by 3%. The positions that cost the Fund the most during the quarter were our Hong Kong listings and pulp and paper. The key contributors to the outperformance were our Thai, Taiwanese, gold and “green”-technology holdings. Two of our holdings were subject to takeover bids. Over the quarter we progressively sold some of these winners and recycled the proceeds into underperforming areas that remain attractive, and in our opinion, timely.

These times are clearly interesting for “long” only equity investors. We will continue to attempt to protect investors’ capital by remaining relatively defensive in our positioning ie. (weighting in gold, and some of the unloved Asian markets), at the same time taking advantage of extreme moves in stocks ie. buying select positions in extremely oversold Asian financial, Japanese property and American DRAM/NAND producers.

COMMENTARY

Since the inaugural Unhedged Fund quarterly, which explained how the Fund mandate differs from the International Fund, the succeeding quarterly reports have detailed the basic rationale behind a major holding of the Fund. For example, June 2007 dealt with the “green” tech theme; September 2007, the rationale for the pulp and paper holdings; and December 2007, the rationale for our growing interest in Japanese property stocks.

The theme for this quarterly is technology. The Unhedged Fund has a high weighting in technology stocks, and specifically semi-conductor makers and equipment suppliers, which given the obvious exposure to the distressed “western” consumer, may be considered a tad aggressive. We have concentrated our positions in the NAND (think

IPOD memory) and DRAM (think PC memory) area – both suffering from over-capacity, and consequently, low selling prices and profit nadir. Many investors remain so scarred by the severe 2000-03 sell-off in technology stocks, that valuations have now de-rated to, in some cases, discount to book value (without debt). Investors would seem to prefer to own the certainty of the new tech ie. steel and iron ore, at significant premiums to historical book value multiples, as these stocks apparently will remain impervious to declining real world demand – time will tell.

We are not here to defend the actions of the memory chip companies as their own lack of capital discipline is a large contributor to the current downturn. However, we think the market is missing a number of changes that may lead to a faster than expected recovery in prospects:

- The rapidly growing BRICS economies are now major consumers of not only steel, but also technology, for example, in 2000, only 34% of PCs were sold to the high growth “developing” world – this has now grown to 44%; similarly only 47% of mobile phones, now 61%. In summary, the problematic “Western” consumer is becoming less important to aggregate demand.
- The applications for NAND and DRAM memory are steadily increasing ie. NAND was once a niche MP3 player product, it’s now a viable contender for the replacement of PC hard drives, an application that would result in a major step change in demand; conversely DRAM is no longer a PC only application, becoming ubiquitous to most high end consumer electronic devices.
- The new Microsoft Vista operating system is DRAM “hungry”.
- The current “freezing” of the credit markets will reduce the ability of marginal semiconductor producers to stay in business and we have concentrated our investment in relatively well-capitalised low cost producers.

We realise there is risk to this story. We are only making these bets because we think the valuations more than discount what we expect to be a difficult environment.

PLATINUM ASIA FUND



Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 31 March 2008)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	-12%	12%	21%	28%	28%
MSCI AC ASIA EX JP INDEX	-18%	5%	18%	19%	18%

Source: Platinum and Factset. Refer to Note 1, page 32.

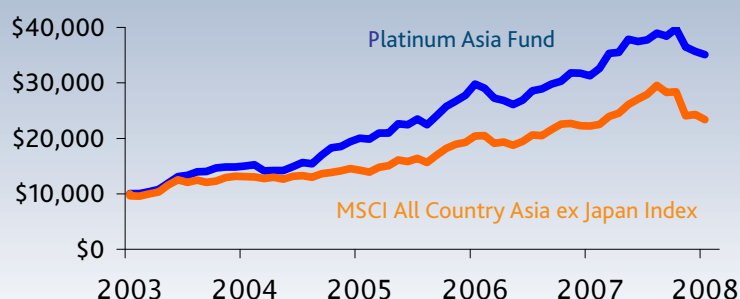
The Asian markets suffered a significant setback during the quarter as a result of the ongoing turmoil in global credit markets. Increasing inflation across the region gave further cause for concern. The appreciation of the Australian dollar against regional currencies of approximately 3% was an additional weight on returns. The weakest markets included India (down 22%), which had previously held-up well during the December quarter and China stocks (Shanghai listed A shares down 34% and Hong Kong Listed H shares down 25%). Another high-flying market of the last two years, Vietnam, was down 44%. The better performing markets were found amongst the least favoured of the last two years; Taiwan (up 1%) which responded well to a change in government at recent elections, and Thailand (down 5%) where consumer and business confidence are improving post the election at the end of last year. The Fund's outperformance of the index can be attributed to significant cash holdings as well as good performance from investments in the Taiwanese and Thai stocks.

DISPOSITION OF ASSETS

REGION	MAR 2008	DEC 2007
CHINA (LISTED EX PRC)	18%	19%
HONG KONG	8%	8%
CHINA (LISTED PRC)	1%	2%
TAIWAN	8%	6%
GREATER CHINA TOTAL	35%	35%
INDIA	8%	11%
KOREA	12%	12%
THAILAND	10%	8%
MALAYSIA	5%	5%
INDONESIA	3%	3%
SINGAPORE	4%	2%
PHILIPPINES	1%	1%
CASH	22%	23%
SHORTS	1%	3%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 3 MARCH 2003 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

CHANGES TO THE PORTFOLIO

During the early weeks of the quarter, cash was raised from the sale of strongly performing stocks such as China Netcom (telecommunications), Gome Electrical (PRC electronics retailer), and Huaku Construction (Taiwanese property developer). New holdings acquired during the period included Ayala Land, the leading property company in the Philippines. Property stocks have generally been sold-off in this market over fears that remittances from overseas Philippino workers would fall as unemployment rises in the developed economies, allowing us to acquire this high quality company at a substantial discount to net asset value. We took advantage of lower prices to add to the Fund's holdings in Bank of China, Jardine Matheson (regional investment company), SinoPac Financial (Taiwanese Bank), and Kangwon Land (Korean casino).

COMMENTARY

One of the issues we highlighted in our last quarterly report was the rapid increase of inflation in China, particularly in food. Subsequently the situation has deteriorated further with food inflation in China now running at over 23% pa. Indeed as can be seen from the table, rapid escalation in food prices has become an issue for many of the economies across the region.

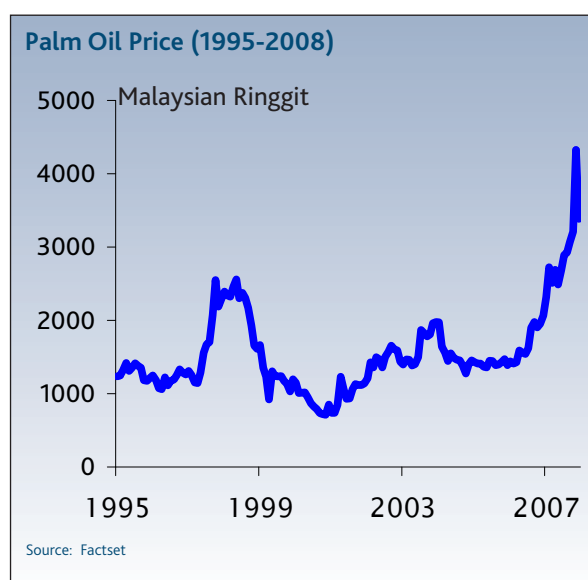
Higher global prices for palm oil, soybeans, corn, and wheat are behind this burgeoning food inflation, and while these prices might be volatile year-to-year, as we commented in our last report, there are signs that the global supply-demand balance is becoming tighter and the issue will not recede as easily as expected. Not reflected in these numbers are higher global rice prices which have jumped over 100% this quarter. Most countries are self-sufficient in rice, with the notable exception being the Philippines, and tend to have closed or regulated local markets, thus these price increases have not been experienced by Asian consumers. Nevertheless it will be a

COUNTRY	DEC 2006	DEC 2007	FEB 2008
CHINA	6.3	16.7	23.3
HONG KONG	2.6	7.6	12.6
INDIA	9.7	6.2	N/A
INDONESIA	12.9	11.3	13.6
KOREA	1.5	3.1	1.4
MALAYSIA	3.0	4.2	4.4
PHILIPPINES	4.7	5.0	7.0
SINGAPORE	1.7	5.5	6.7
TAIWAN	-1.3	7.5	9.8
THAILAND	6.0	2.8	7.8
VIETNAM	14.1	15.4	30.1

Source: CLSA

concern to regional governments that the market in this important staple is in such tight supply.

Given the high percentage that food accounts for in the household budget, food prices remain a highly sensitive political issue. The response to inflation in China has been further interest rate hikes and increases in reserve requirements for the banking system. However, as we have noted before, this isn't the most effective policy as it simply attracts more liquidity into the system as a result of the managed exchange rate, resulting in further general inflationary pressures. And of course the supply and demand for food is relatively insensitive to



variables such as interest rates. So long as central bank countries across the region manage their currencies with an eye on the undervalued Chinese Yuan, they will struggle to control inflation. *If these inflationary pressures persist for much longer the bullish story for consumption in the region will come under threat as household budgets are squeezed.*

One outcome that would significantly improve the inflationary outlook would be if China were to allow the Yuan to appreciate more rapidly. Indeed the Yuan's rate of appreciation has continued to accelerate in recent months and now stands 18% higher versus the US dollar than when the PBOC introduced the flexible exchange rate mechanism two and a half years ago. However, given the depreciation of the US dollar against major currencies, the move in the Yuan has done little to correct its significant undervaluation.

In recent months, politics have been playing an interesting role in regional markets. The Taiwanese legislative elections in January and presidential elections in March saw the KMT (Kuomintang) win both comfortably. With the KMT now in power, the prospects of improved relations between Taiwan and mainland China have strengthened significantly. Resolution of issues such as direct transport links and investment in China by Taiwanese entities should occur in due course. Most importantly, however, for the Taiwanese economy will be the boost consumer and business confidence should receive from improved relations between the two governments.

The Thai elections saw the People's Power Party win office, effectively returning to power the previous government (with the exception of ex-Prime Minister Thaksin) which had been removed by a military coup in September 2006. Subsequently there have been accusations of election fraud with an outside possibility that the PPP could be dissolved. Nevertheless against this background of political disharmony, consumer and business confidence is improving in the expectation that the PPP resume from where PM Thaksin left-off with pro-investment, pro-business type policies.

Korea also saw a change of power in the presidential election late last year with the Grand National Party's candidate, Lee Myung-bak, winning in a landslide. Again the new president is expected to implement more pro-business policies than his predecessor. Meanwhile, in Malaysia the ruling coalition, Barisan Nasional, suffered its worst election result since 1969, its majority falling from 92% to 62% of the national parliament, and losing government in four key States including Selangor (of which Kuala Lumpur is the capital). It is hard to see the result in a poor light given the government has been notable for its inaction on important reforms. However, the initial reaction of the market was to sell-off, with stocks that have been viewed as beneficiaries of government largesse suffering the greatest falls.

Whether one should read much into this changing political landscape for the region is difficult to know. In each case the election results reflect relatively weak domestic economies where consumers have been struggling to deal with the effects of inflation. The goal for these newly elected governments will be to improve domestic economic growth but without exacerbating current inflationary trends. The only solution available is to move away from the traditional mercantilist policies of maintaining undervalued exchange rates, though the willingness to do so will most likely be a function of what action the Chinese take on their exchange rate.

Since the highs of last year, most regional markets have experienced significant falls. Most of the extreme valuations that had been appearing, particularly in Chinese and Indian companies, have for the main part been removed, with some quite good value reappearing in different parts of the market. With the tightness in global money markets starting to recede it would not be surprising to see better performance from Asian markets in the near-term, though there will undoubtedly be ongoing sensitivity to signs that western economies are slowing.

PLATINUM EUROPEAN FUND



Toby Harrop
Portfolio Manager

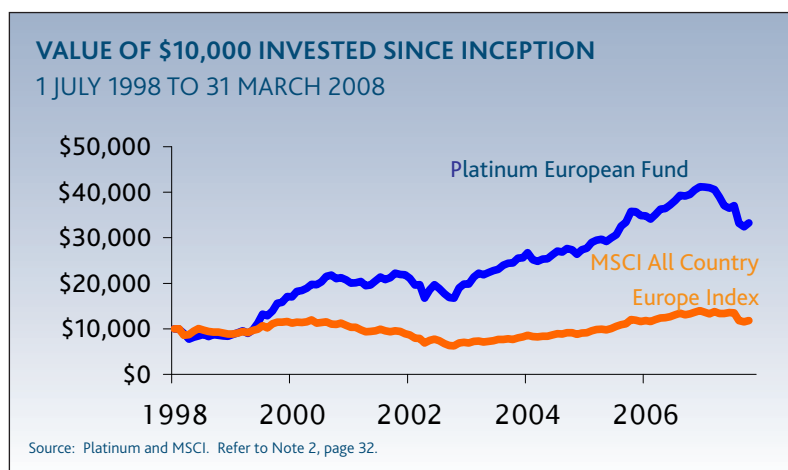
PERFORMANCE

Just 15 of Europe's top 500 stocks managed a 10%+ gain for the quarter... while 80 of them fell by over 25%! Overall the top 500 were down 16% for the quarter. The MSCI Europe Index fell a similar amount, while a weaker A\$ meant the MSCI Europe measured in A\$ fell 12%. The Platinum European Fund fell 10% over the three months.

COMMENTARY

As we write this report, Union Bank of Switzerland (UBS) is reporting a further US\$19 billion write down on its American assets, and announcing a CHF15 billion capital raising, adding perhaps 60% to the stock of outstanding shares in the company. The share price is around CHF30, down from CHF80 this time last year. (A not unrelated point is that, these days, a Swiss franc is roughly equal in value to a US dollar).

In many ways UBS's announcement is yesterday's news, a symptom and simultaneously a cause of the woes in credit markets. Banks need new capital, and once they raise enough of it, their credit creation function will be revived. Further pain may await today's shareholders, and clearly UBS needs to convince investors to hand over another CHF15 billion in capital, but assuming there is a price for everything, this will happen soon enough. As investors, we are trying to balance a morbid contemplation of specific instances of self-mutilation, with an eye to opportunities in good businesses undamaged by financial flights of fancy.



Perhaps a good way to appreciate the circular nature (both virtuous and viscous) of the (western) financial system is this: UBS's capital increase is "fully underwritten" (ie. guaranteed for a fee) by ... several other capital-constrained banks! Once UBS has its money, presumably it will be underwriting capital increases by its peers – if you can just believe, then everything should be ok! Fiat money systems in general require a suspension of disbelief, and despite 100 years of central bank history coinciding with persistent inflation, that underlying confidence still seems in place.

The trick for the coming months may well be this: there will be the temptation to buy back into the banks at what looks like low valuations. And there will be certain periods where this works. But in general, after an undisciplined frenzy such as displayed by the banks in recent years, the rebound is ultimately dull, and stock market leadership goes elsewhere. Regarding the investment banks specifically, it is already being mooted in the US that the price of commercial bank-like access to various Federal Reserve liquidity mechanisms is commercial bank-like regulation. That is, more onerous capital adequacy requirements, and keener oversight. Preliminary estimates indicate this might *halve* the apparent balance sheet capacity of investment banks. A more invidious idea bubbling-up is that PE ratios of these businesses need to be permanently low. The nature of the investment banking business is that the big profits are in the new ideas (securitising debt instruments in this cycle), but because new ideas tend to hide familiar risks in new ways, they eventually lead to the same inevitable bust. On this view – and ignoring an unusually long business and

credit cycle, especially in Australia – we are reminded simply that banks are the "ultimate cyclical" business (ie. of boom profits and then capital write-offs). Put another way, as one bank executive recently remarked, "there is no need for banks to come up with fancy new ways of losing money – the old ways still work perfectly well!". Where it leads us from an investment perspective is that banks need modest PE ratings. Say 8-10 times at most, and that, after a 50bp per annum (ie. 0.5% of loan book) loan loss provision. On UBS's expected new share count, market estimates are that the company will earn CHF3-4 per share in 2009. On this basis, today's CHF33 share price is not terribly appealing to us.

Elsewhere in the markets, a key question is how the cycle plays out for the metal and mineral companies, and for the large capital goods exporters, as China (and India, Brazil, the Middle East etc) manage their booms or suffer good slowdowns. Mineral company share prices are strong, and European steel companies, for example, are still near their highs. Yet capital goods exporters eg. Siemens, ABB, Schneider, Metso etc have fallen 25-40% since October.

Things are somewhat complicated in Europe by the strength of the Euro, although 15-20 years of "globalisation" means that in the main, the big firms have enough breadth (in manufacturing, sourcing, hedging and financing) to offset much of the currency disadvantage. Further, we have a suspicion that for now, the Euro has appreciated enough against the US dollar; perhaps more to the point, it seems likely that the Euro should weaken against most Asian currencies from here.

CHANGES TO THE PORTFOLIO

The portfolio has seen several changes in the recent months, notably six new additions, partly funded by using cash, and partly funded by the sale of two hot stocks: Norwegian fertiliser group Yara (enjoying the grain price boom) and autocatalyst leader Johnson Matthey of the UK (buoyed by its strong business and by takeover speculation after BASF swallowed one of its few peers in 2007).

Two of the new stocks are old friends: industrial enzyme giant Novozymes, which we re-entered under DKK400, having finished selling the stock at DKK600-700 last northern summer; the other is the German passive components group Epcos. This company has some very interesting technology in piezo actuators for diesel fuel pumps, which considerably reduce fuel usage. These are already being installed in diesel engines in the German car companies (recall that Europe is the stronghold for diesel engines), and the petrol version will be available soon. Epcos is a minnow in some of the passive component businesses dominated by giant Murata of Japan, but to go on penalising the company for the Euro/Yen currency impost while ignoring these auto businesses it dominates seems too harsh.

Truly “new” investments for the Fund include EADS, owner of (a) a large part of the European defence industry (a reasonably steady business worth roughly today’s market capitalisation), and (b) Airbus. EADS has plenty of cash in the bank, and thus there is implicitly a negative “value” attributed to Airbus – its products are priced in US dollars and Boeing lives in Seattle, and the delays to products such as the giant A380 have sapped investor confidence (and near term profitability). However, with the development expense for this aeroplane behind us, Airbus faces the possibility of a two decade boom, and thus looks valuable rather than value-less!

Other new companies are in the solar area (these stocks have tumbled over six months despite oil prices staying high), an inspection and testing company (ever greater regulations support the few global players in this profitable area), and JC Decaux (outdoor advertising).

We reduced the Australian dollar hedge on the portfolio at good prices in the quarter, so that today the Fund is just 11% hedged into the Australian dollar. With 5% cash and 13% shorts (mostly the DAX, plus some steel and mineral shares), the Fund was 82% net exposed to European markets at 31 March 2008.

PLATINUM JAPAN FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio include (position in prior quarter):

Domestic related 47% (47%):

- 15% (10%) Real estate, Retail
- 12% (16%) Defensive (transport, food, telecommunications, services)
- 9% (7%) Financials
- 7% (6%) Construction

Export related 45% (49%):

- 19% (22%) Technology (including specialty materials) and machine tools
- 8% (11%) Chemical/process
- 7% (9%) Autos
- 6% (6%) Commodity producers
- 5% (0%) Global energy and infrastructure capital equipment

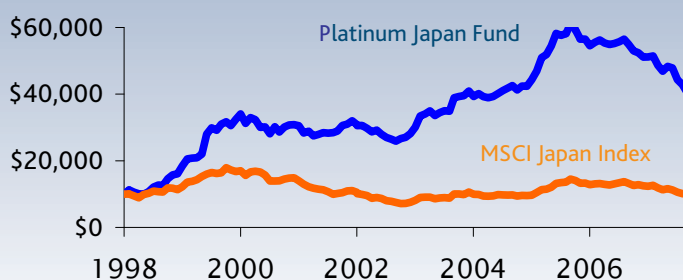
DISPOSITION OF ASSETS

REGION	MAR 2008	DEC 2007
JAPAN	88%	96%
KOREA	4%	0%
CASH	8%	4%
SHORTS	6%	0%

The Fund also has a 9.8% short position in Japanese Government Bonds.

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 1 JULY 1998 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Since January 2008 the Fund has had a new portfolio manager. For those not familiar with my background, I have 14 years of investment management experience including eight years with Platinum Asset Management. At Platinum, I have worked in the following areas: global business services/transport, industrials, REITs (real estate investment trusts) and soft commodities and I have had geographic responsibility for India and North America. Since January 2007, I have managed the Platinum Unhedged Fund, a global long-only mandate.

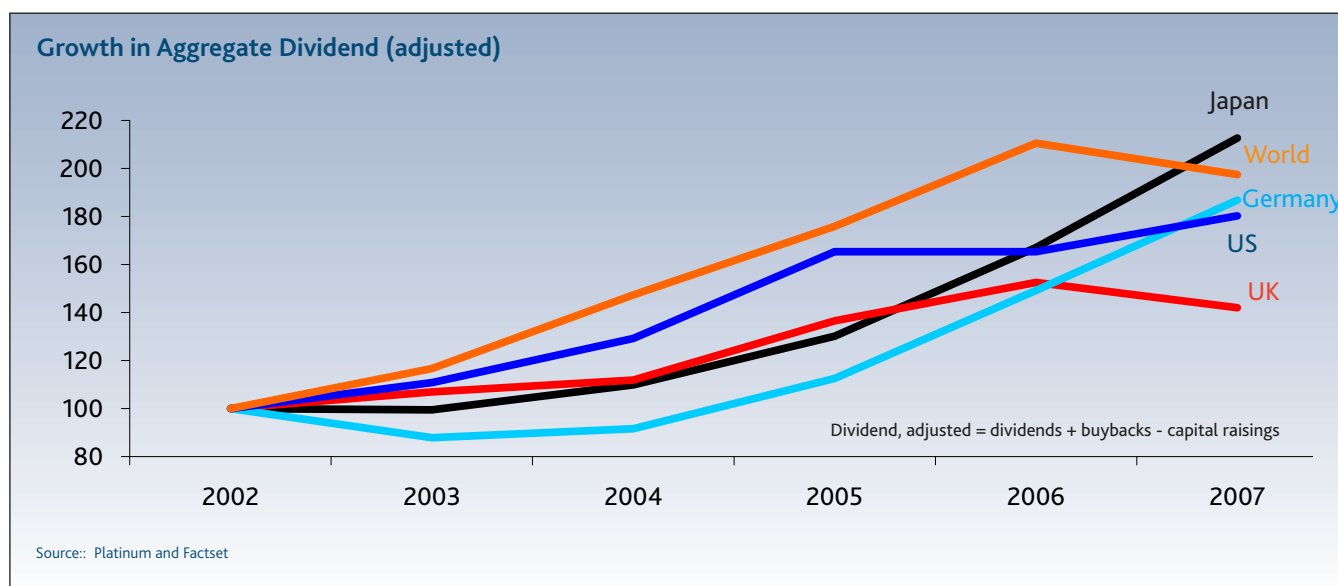
Over the past 12 months the Fund fell 26.2%, underperforming the MSCI Japan Index (A\$) benchmark by 1.7% and over the past quarter the Fund fell 15.3%, underperforming the benchmark by 4%. The positions that cost the Fund during the quarter were not specific to any one area – this sell-off was broad. Clearly performance has been disappointing and the decision to run the Fund close to fully invested through most of 2007 and into 2008 has proven costly. The US, et al, housing markets continue to deflate with major financial market consequences and hence, in hindsight, we were too aggressively positioned. Given how cheap

many stocks have become, now is not the right time to discover the virtues of en masse selling or shorting of stocks, but given market volatility, we are not averse to some tactical shorting.

Since taking over portfolio responsibilities, the following changes have been made:

- Reduction of gross long equity exposure from 96% to 92%; a 6% short position initiated in overvalued commodity related cyclicals (eg. Korean shipping and engineers). Accordingly, net exposure has dropped from 96% to 86%.
- Whilst exposure to domestic related concerns has remained steady at around 47%, as the market sell-off intensified, approximately 7% of the Fund was reallocated away from outperforming defensive names (food, services, telecommunications and transport) and small-caps into real estate and financial names (including 4% in Korea¹). These are stocks that have been radically oversold, many trading at or below book value and most have strong balance sheets. When confidence returns, we expect them to bounce much more than the overall market.
- Export exposure has fallen slightly from 49% to 45% as technology, chemicals and autos exposure

¹ Mandate allows up to 25% of Fund to be invested in Korean stocks



has been reduced by around 9% and a 5% position in global energy and infrastructure capital equipment names (eg. JGC, Yokogawa) have been added. This is one of Platinum's favoured global themes and has good representation within the International and Unhedged Funds.

- A 10% short position was initiated in the Japanese Government bond future (JGB) at a yield of just under 1.3% on the ten year equivalent bond. We make money if the yields rise, which we think is highly likely as global inflation remains stubbornly high and extreme risk aversion starts to unwind.

- Japanese yen exposure has been reduced from 96% to 83% progressively over the quarter in favour of other Asian currencies (Korean won, Hong Kong dollar and Taiwanese dollar) where we think rapid appreciation is possible as domestic inflationary pressures make US dollar pegs untenable.

A conscious effort has been made to increase the overlap in the stocks/themes held by the Platinum Japan Fund with those held in the Japan component of the Platinum International and Unhedged Funds and the Korean component of the Platinum Asia Fund. This is vital to maximising value from what is a common team of investment analysts.

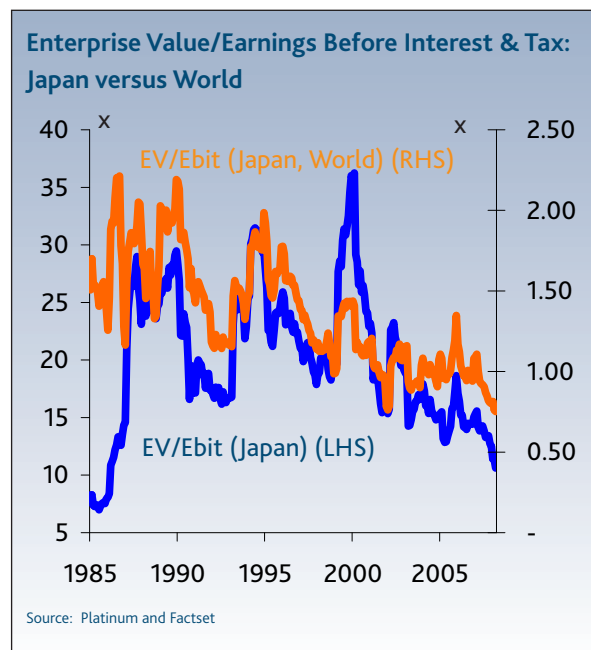
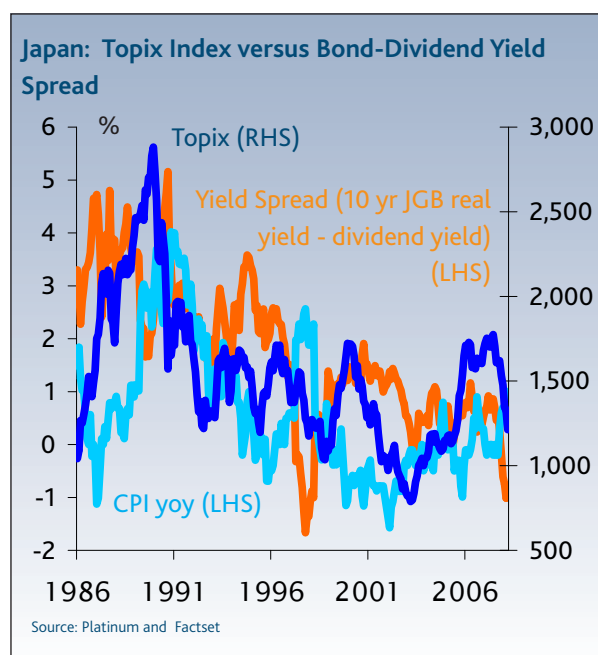
COMMENTARY

Clearly, the house view that the 2006 resurgence in Japanese equities represented the beginning of a new Japanese bull market was wrong. With the benefit of hindsight, it's worth considering why the bull market failed to launch. Simplistically, we lay the blame on two major headwinds:

- Whilst many may remember Koizumi (the last reform minded leader) for his Elvis impersonations, at heart he was an old-fashioned fiscal conservative who cut the fiscal deficit from 7% of GDP in 2002 to 1% in 2007. Japan has moved forward on fiscal reform at a cost that most western leaders would be unwilling to pay ie. sub-par economic growth and stock market returns.

- Bureaucrats and vested business interests continue to block micro economic reform, for example, the fledgling private equity industry, that was starting to force greater management accountability, was shut down via some high profile, old guard actions.

Some analysts regard the Japanese market as being in a bear phase and in addition to the points above, they cite explanations for the current situation



which we summarise (and dispute) below. They reflect economic orthodoxy but we regard these factors as inadequate to capture the current Japan scenario.

- Inept political leadership; opinion polls indicate what the Japanese people themselves agree, as the ruling LDP has rarely been less popular and is at risk of losing power. The question remains, will a reform-minded leader arise from the ashes?
- Lack of capital discipline; in a narrow sense we dispute this. Our research shows that the Japanese propensity to distribute profits has fundamentally changed for the better. In fact, from the 2002 global low in profits, growth in the net payout from Japanese companies (dividends plus buybacks less capital raised) has outstripped that of the world and its constituent major markets (see chart page 17). As far as dividends and buybacks are concerned, Japan is a growth stock.
- Poor demographics leading to low profit growth; we dispute this as we believe private wealth creation is primarily a function of globalisation (ie. the prospects of Toyota and Canon, and their employees, are global, not Japanese); productivity growth (on par with the developed world) and innovation (leader in many areas); rather than how many babies are in the pipeline (otherwise many African countries would be economic powerhouses).
- Whilst deflation remains an issue, to over-emphasise this would be to ignore the impact of global price pressures (materials, energy and food) on Japanese CPI. As the chart shows on page 18, Japanese inflation is rising and the real yield on the ten year government bond (a nominal no-growth asset) is extremely low relative to the yield offered by equities (a real asset that can grow cash-flows). Further, Japanese household balance sheets remain heavily weighted in cash and deposits.

We see Japan in many ways as the reverse of the US, UK and Australian situations ie. Japan has a current account surplus, low levels of household debt (but high levels of government debt), low levels of equity ownership and a residential property market approximately 50% below its valuation high, offering rental yields of +5% (versus a sub 2%

funding cost). Unlike the Anglo Saxon economies, where inflation puts interest rate pressure on an already leveraged consumer, inflation is an unequivocal positive for the Japanese equity and property markets as it forces investors to swap nominal cash assets for real assets like shares and property. It's not clear to us that the current commodities inflation pulse will be strong enough to ignite generalised CPI inflation within Japan. However, as far as bull market catalysts are concerned, this is definitely worth monitoring.

The question for investors, is where to now? Before making any rash decision based on some "macro" generalisation as to why Japan does or does not deserve your scarce investment capital, one should consider valuation – after all, price does matter. The consensus is that Japan is now valued on a similar PE to the rest of the world at around 15x current earnings – hence, Japanese equities are still not that cheap, relative to alternatives. We think the consensus is wrong as it makes no attempt to adjust for differences in balance sheet strength – a key consideration given the current credit crisis. One way to adjust for debt is to look at enterprise level valuations expressed as a multiple of pre-interest, pre-tax profits (or EBIT) – see chart on page 18. At 10x EBIT, the last time the Japanese market was priced this cheaply was 1986. Relative to the world, the market is priced at a record low 25% discount ie. 0.75x the global multiple. The undervaluation of Japanese equities is startling. At its various peaks, the Japanese market has traded at 1.5x-2.2x the global multiple and the 22 year average of this relationship is 1.4x. This undervaluation makes Japan an interesting investment destination.

In ensuing quarterlies we will write less about macro issues and instead provide more rationale behind the major Fund positions.

PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

Fund performance suffered with a loss in the quarter of 11.4% compared to the MSCI World Index decline of 12.7%. Over twelve months the MSCI World Index has fallen 12.5% with the Fund losing 11%. The cash levels and short positions of the Fund have been increased during the quarter. In the last month there have been more encouraging signs with the Fund delivering a small but positive outcome.

The sell-down by the markets has been focused on the financial stocks, however, sectors such as the retailers and stocks associated with discretionary spend have also been severely marked down on concerns that consumers would, by necessity, reduce expenditure on all but essential items. The rising cost of such basics as milk, bread, water and fuel has been felt across the globe and the accompanying commentary in the financial markets has undermined confidence in even the most defensive of consumer staple stocks.

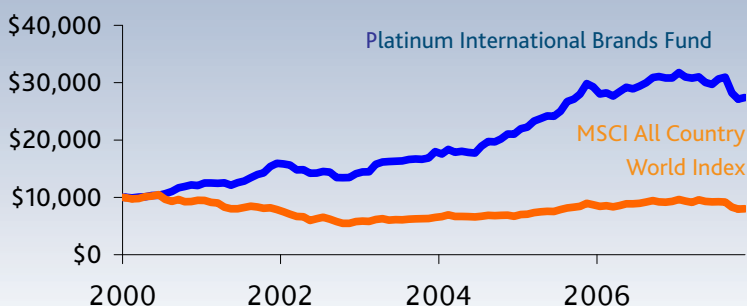
In raising the cash level of the Fund, the number of stocks has been reduced. The retailer Carrefour was sold, with the Fund preferring the retail exposure achieved through Pinault Printemps Redoute (PPR) at a more attractive valuation. Also sold, having achieved a nearly four fold return, is the investment in the Indian company, Asian Paints. Advantage was taken of the lower prices being offered to add to positions in quality companies that we believe should produce superior returns in the years to come, such as the BMW group.

DISPOSITION OF ASSETS

REGION	MAR 2008	DEC 2007
EUROPE	38%	44%
ASIA	21%	26%
JAPAN	17%	19%
NORTH AMERICA	5%	6%
SOUTH AMERICA	2%	1%
CASH	17%	4%
SHORTS	8%	4%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 18 MAY 2000 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

Introduced to the portfolio this quarter was Piaggio & C. S.p.A., the Italian scooter and motorcycle manufacturer with such well known brands as Vespa, Piaggio and Aprilia amongst others. Piaggio, has a market leading position in Europe with 31% market share, more than twice the nearest Japanese rival Yamaha. To support its competitiveness Piaggio spends more than 4% of revenues on R&D for the development of, for example, a hybrid engine for scooters and the MP3 model. The MP3, a three wheeled scooter, has had good success attracting customers looking for a lower cost means of personal transport but fearful of the safety of two wheeled products. Indeed, as commuters struggle with congestion and fuel costs the world over, the scooter as a reliable alternative to single person car commuting starts to look more attractive.

The company has had a difficult history, needing to spend several years restructuring. With operations in India, Vietnam and China as well as the usual Western markets we have highly recognisable brands that are being rejuvenated and taken to new markets together with a share price that reflects little, if any, brand value.



COMMENTARY

Consumer product companies that have consistently invested in their brands through product development and have been true to their market positioning and core consumers, are generally much better placed to withstand contractions in economic activity and consumer spending recessions. As a generalisation they tend to be able to maintain or increase prices to protect their profitability, often achieved with the launch of new variants and an unrelenting focus on meeting the requirements of their core consumers.

Those companies that have stretched their brands and balance sheets to achieve revenue growth, expanding into adjacent categories or creating “new segments”, can find these expansionary gains difficult to maintain in harsher conditions. Category descriptions such as “affordable luxury” that have emerged over the years, now need to be evaluated in the light of whether these categories can be sustained, or are they marketing euphemisms for enticing people to spend more than they should (and mostly on credit) during boom times? Perhaps unsurprisingly, companies like Coach and Burberry have found that their expensive products have been relatively more resilient than their lower priced products.

Companies that won market share with unrewarding tactics such as price discounts or inferior quality will quickly find that their market share points have been “borrowed” and may simply disappear or migrate back to the category leaders. The ability of the leaders to maintain communication with the consumer, through R&D and marketing, when competitors are forced to “cut expenses” is clearly differentiating from an investment perspective. We have written extensively in the past about pseudo innovation and the inherent ability of the consumer to determine the “value” of a product across multiple attributes of form, function, quality, price, utility etc. Consumers can become acutely tuned to “value” when they have less to spend.

Companies that have maintained their purpose and investment through the last 15 or so years of

economic expansion will be far better placed to succeed during difficult periods. It is in these companies that we are now most interested, especially when the prices of stocks are compressed such that there is little differentiation between the leaders and the followers.

Our interest is also attracted to those leading companies that despite the headlines have sufficient opportunity to determine their own success to a greater degree. The headlines for the US consumer are far from encouraging and the prospect for increasing sales of luxury vehicles, on credit, must be seriously questioned, yet BMW Group is optimistic about their US business.

The reason is that the US consumer's obsession with large and inefficient vehicles must necessarily collapse under the weight of congestion, fuel rises and pollution charges, and that BMW's industry leading research will win through with consumers. Perhaps we are guilty of falling for the "irrefutable logic of German Engineers", however, there are many areas in which this company can make changes to improve their profitability over the next few years.

The Brands Fund has always sought out and held forgotten or neglected brands with a strong heritage that can be 'refurbished'. Recent acquisitions suggest that there is still a very strong demand to acquire famous and infamous brands. Brands such as Grolsch, Puma, Jaguar and Absolut have recently changed hands and at valuations indicating a robust appetite for the earnings power of brands. We have several opportunities in the Brands Fund that could be subject to growing interest.

OUTLOOK

The headlines will continue to cause concern as consumers, particularly those heavily indebted in the western markets, reign in their expenditure and confront a harsher reality. The weaker companies will be troubled by this against a backdrop of sustained high input costs and shifts in the centres of economic activity, accompanied also by adverse moves in exchange rates. There will be plenty of excuses for earnings disappointments on a quarterly basis, even amongst the most reliable companies, and we will need to be diligent in our assessment of which factors are transitory and for which it signals worse to come.

It is likely that as earnings come under pressure we will see further acquisition activity as the stronger companies look for the opportunity to absorb weakened competitors and eliminate overlapping expenses.

PLATINUM INTERNATIONAL HEALTH CARE FUND



Bianca Elzinger
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 31 March 2008)

	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
PLATINUM INT'L HEALTH CARE FUND	-10%	-10%	-9%	7%	2%
MSCI HEALTH CARE INDEX	-12%	-17%	-11%	-1%	1%

Source: Platinum and Factset. Refer to Note 1, page 32.

The Platinum International Health Care Fund declined 10.5% in the quarter compared to the MSCI Health Care Index performance of -12.4%. For the year the Fund lost 9.7% versus -16.7% for the Index.

Big pharma successfully continues to defend its out-of-favour status while big biotechs, Gilead and Genentech, remain the preferred choice of investors.

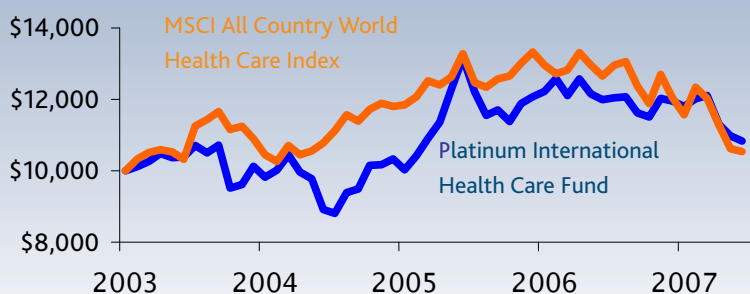
The Health Management Organisations (HMO) in the US lost their "safe haven" position after profit warnings from several of these companies made investors rethink their strategy. The repercussions of this have strategic, rather than immediate relevance for the Health Care Fund as it does not have any exposure to US HMOs since valuations have remained high. We believe the story of these companies is well understood.

DISPOSITION OF ASSETS

REGION	MAR 2008	DEC 2007
NORTH AMERICA	44%	53%
EUROPE	26%	24%
JAPAN	4%	6%
ASIA	2%	3%
SOUTH AMERICA	1%	1%
CASH	23%	13%
SHORTS	2%	1%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 10 NOVEMBER 2003 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

We like biotech. Unfortunately, it was a sector that performed poorly during the quarter and over the past 12 months. Some of our holdings experienced pipeline setbacks, while others faced regulatory delays or simply got caught up in the sector decline. For some holdings this provided a good opportunity to add to companies that have made good progress. Crucell, the Dutch vaccine maker is a good example. The share price has declined 50% despite the company steadily improving the distribution of several vaccines globally and becoming cash flow positive. In addition, the balance sheet is solid and provides good R&D support for the company's pipeline.

The portfolio continued to benefit from our large pharma/generics holdings including Daewoong Pharma, Johnson and Johnson and Teva. Diagnostic holdings also remained strong as have been our investments in Clinical Research Organisations Icon and CMIC, a Japanese CRO with links into Asia and South America.

COMMENTARY

At a time when drug developers find it extremely challenging to get new drugs approved, device makers are a very interesting alternative. Clinical trial programs are smaller and a lot of new technologies have emerged over the past 10-15 years. Many companies have good balance sheets

and have established a strong reputation with their customers.

The medical device sector is very diverse, with well known companies such as Medtronic, providing a large range of devices from insulin pumps to pacemakers and neurostimulators. At the other end of the spectrum, the "one product line" companies are looking for new opportunities or a buyer.

Elekta, a Swedish radiation therapy company sits somewhere in the middle and has managed to evolve from a single focus on brain radiation to auxiliary products allowing tumour radiation beyond the brain.

This diversification process started in the 1950s with neurosurgeon Lars Leksell (founder of Elekta) developing the Gamma Knife, a radiosurgery device (a rigid frame fixed to the skull providing reference points to guide therapy) that precisely delivers radiation to specific sites of the brain. The knife is still in demand today, albeit as a much more modern version combined with the newest imaging technology and IT support.

First Gamma Knife Prototype



Source: Elekta

Modern Version of Gamma Knife



Worldwide there are about 260 Gamma Knives which are used for brain tumours or minimally invasive brain surgery.

What is more interesting about Elekta is the fact that the company managed to move beyond this first product and establish a solid customer base in the area of tumour radiation, despite serious competitors such as Siemens. This achievement has not come easily for Elekta. A combination of events triggered a serious crisis: there was the integration of a big acquisition which provided the company with a radiation source; there was heavy investment in developing these new oncology devices; and additionally, Elekta's revenue from Asia (45% of total revenue) disappeared as the region had its own problems at the time. These pressures were significant and took several years to overcome.

It is remarkable that despite all these challenges and restructuring activities, Elekta remained focused and ultimately produced new devices for "intensity modulated radiation therapy". This type of therapy uses small, bundled radiation beams (these can vary in intensity) that are subsequently shaped to match the tumour. The whole procedure is guided by images and is very precise, preventing damage to the surrounding tissue. A crucial part of this technology is the interplay between imaging and software as well as positioning of the patient. Elekta has continued to strengthen its offering in each of these areas over recent years. Today Elekta keeps installing new oncology devices worldwide, continues to improve its technology and adds new product lines eg. Neuromag, a device that maps brain activity. Basically Elekta is very busy in the development of its products.

In a very US-focused world, Elekta's small established base in the US (8% versus Varian with 64%) and the company's lower (current) profitability compared to its US-based competitor is disappointing many investors.

To us this aspect is less of a worry, and makes us like the company more. The market fails to take into account Elekta's lead position in China and forgets that the company has successfully managed crises in the past. The company is still small (half the size of Varian) and refuses to compromise on R&D, again a philosophy we support and which offers potential for longer-term value.

OUTLOOK

In recent months valuations of many health care companies have declined and there are several interesting biotech and device companies that do warrant a closer look. As we mentioned many times before, M&A in the sector is a reality and will only increase in coming months. Business development teams so far have remained disciplined but are no less active. The next wave of deals will put biotech back on investor minds.

Outsourcing continues to be a major trend as is the investment into automation and new molecular diagnostic technology. Environmental testing is also on our radar screen and several opportunities are currently being investigated.

PLATINUM INTERNATIONAL TECHNOLOGY FUND



Alex Barbi
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 31 March 2008)

	QUARTER	1 YR	3 YRS	5 YRS SINCE INCEPTION	
PLATINUM INT'L TECH FUND	-13%	-13%	4%	10%	8%
MSCI IT INDEX	-17%	-12%	1%	4%	-14%

Source: Platinum and Factset. Refer to Note 1, page 32.

During the quarter the Fund's performance was not immune from the sharp market correction.

Sell-offs across the board in Europe, America and Asia impacted negatively on the Fund's portfolio. On the positive side, our decision to hedge exposure to the US and Hong Kong dollars and to increase weight in Euros and Japanese yen helped to mitigate losses.

There were not many hiding places in the portfolio. One area performing relatively better were telecom operators in Asia and other emerging markets, where the Fund has a 14% exposure. At times of turbulence, telecom operators may act more defensively as they are often seen as "utilities" with reliable cash flow generation.

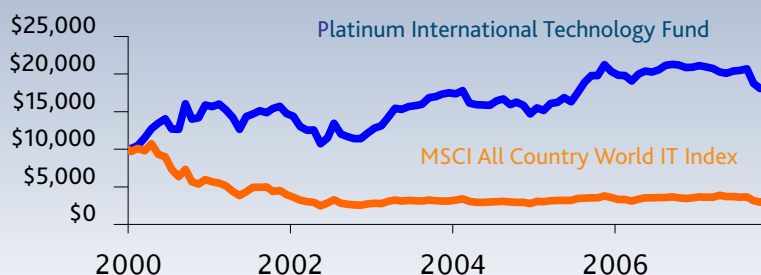
The uncertainty created by the credit crisis generated by the sub-prime housing market in the US slowly propagated to the equity market. IT stocks were not spared due to their dependency on consumer spending which directly and indirectly impacts technology corporate earnings. American consumers, increasingly worried about the state of the US economy are spending less, and their attitude towards

DISPOSITION OF ASSETS

REGION	MAR 2008	DEC 2007
ASIA	30%	31%
NORTH AMERICA	17%	15%
JAPAN	16%	18%
EUROPE	13%	14%
OTHER	2%	3%
CASH	22%	19%
SHORTS	5%	1%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 18 MAY 2000 TO 31 MARCH 2008



Source: Platinum and MSCI. Refer to Note 2, page 32.

discretionary consumption has changed: sales of consumer electronics goods have started to slow down as witnessed by sales reported by large specialised retailers (Best Buy, Circuit City etc).

Moreover, concerns about an oncoming economic recession in the US have created more uncertainty amongst those in charge of corporate IT budgets. Financial Services in particular is an industry under pressure: Chief Technology Officers at US, European and Asian banks and financial institutions have now started to revise down their spending plans for the rest of the year.

The good news is that most of the damage in terms of stock price decline seems to be already discounted by the stock market and we find many stocks are now attractively valued.

Major purchases:

We introduced several positions in semiconductors and specifically in the areas of memories (DRAMs), Programmable Logic Devices (PLDs), analog chips and semiconductor capital equipment.

Major sales:

We reduced (realising some profit earlier than planned) our position in Egyptian **Mobinil**. The stock appreciated quickly into the new year but concerns about rising global food prices and their impact on purchasing power of the local population made this position riskier. (For a broader analysis of food prices refer also to Andrew Clifford's commentary in the Platinum Asia Fund's quarterly report).

COMMENTARY AND OUTLOOK

Company visits in the US

We met with 40 companies during a two week trip to Silicon Valley and to the US east coast and we returned with some interesting conclusions and prospective buying opportunities.

With news about the credit crisis, housing market troubles and recession on the front page of

newspapers, we went to management meetings asking the appropriate questions about business conditions and expectations. The unanimous answer was caution in the short-term with hope of recovery in the second half of 2008.

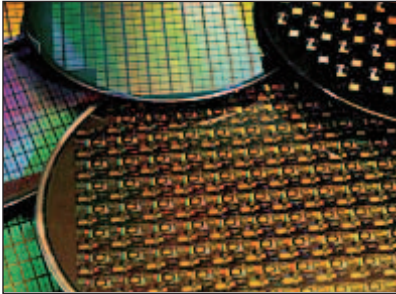
We asked about similarities and differences with the 2000-01 technology downturn and everybody agreed that this time there were fewer excesses. The supply chains have been streamlined, there is more control of inventory, customers in general tend to have solid balance sheets and there are not as many fly-by-night operators around. Stock market valuations are not excessive and profitability margins are relatively high.

While this is partly reassuring, it is at the same time worrying that if the recession scenario unfolds more dramatically than expected, management of these large US corporates is adjusting quite slowly to a more difficult reality. Similarly, analysts' estimates in general have been revised down concessionally, only in light of the recent negative news flow.

We visited several semiconductor companies and we were positively impressed by their solid business models. One troubling factor though is that while profitability has recently been quite good, growth rates are nowhere near the heydays of the tech bubble. This may explain why the market has been reluctant to pay-up for seemingly good stories. We have adjusted our valuation models accordingly.

Management attitude at these companies is also changing. We came across several companies talking about dividends, buy backs and changes in remuneration policies (fewer options for employees and more cash compensation). A big change from the good old days of the tech boom!

The Fund recently established a position in **Veeco Instruments Inc.** It is increasingly clear that so-called "green technology" will remain an interesting theme in years to come and Veeco is one of the Fund's holdings poised to benefit from investments in this area. Specifically Veeco is a supplier of a critical piece of equipment (metal organic chemical vapour deposition – MOCVD tools) for the manufacturing of light emitting diodes (LEDs - tiny semiconductor chips that emit light). Compared to



Veeco wafer

Source: Veeco



Veeco MOCVD



Veeco Ion Beam Deposition

existing technologies such as incandescent and fluorescent lamps, LEDs are more durable and power efficient; attractive features at times of increased awareness about environmentally friendly policies (energy saving, sustainable building codes etc).

LEDs are by no means perfect as they are still more expensive to produce and their lower level brightness remains an issue. As a result, LEDs have thus far been confined to niche applications (eg. car dashboards, traffic lights, lighting for mobile phone screens etc). We believe, however, that as technology improves, usage of LEDs will grow significantly. In fact LEDs are now being used as background lighting in high-end notebook PCs and in the not too distant future they may even displace conventional lighting devices.

More importantly, because the core MOCVD technology is very difficult to master, there are only two significant MOCVD equipment vendors worldwide – Veeco in the US and Aixtron in Germany. We do not think Wall Street is paying enough attention to the potential of Veeco's LED business.

Apart from its strong position in LED tools, we are also excited about the transformation happening within the company. Veeco was long managed by its

founder, a visionary with great intuition for emerging technologies. Over the years, he built-up Veeco by acquiring a portfolio of small companies with interesting technological expertise, and the company now stands to benefit from a lot of big emerging technological waves (eg. nanotechnology, solar power). However, Veeco's historical profitability has struggled to reflect the value of the technologies offered to its customers, partly due to its corporate structure organised around a "federation" of individual and independent units.

This is all set to change. In our recent company visits, we met with the recently appointed CEO (Mr John Peeler) and we were impressed by his sensible approach and tough operating style. Veeco is making solid progress with its new three year corporate transformation plan and we believe that it will grow into a much larger and profitable business in years to come.

The Fund has also been selectively adding new names in the semiconductor and semiconductor equipment industry, reflecting our confidence that at current valuation levels some stocks are becoming really attractive and downside risk is limited if we are prepared to be invested for the medium-term.



NOTES

1. The investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specific period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), are pre-tax and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

2. The investment returns depicted in the graphs are cumulative on A\$10,000 invested in the relevant Fund since inception relative to their Index (in A\$) as per below:

Platinum International Fund:

Inception 1 May 1995, MSCI All Country World Net Index

Platinum Unhedged Fund:

Inception 31 January 2005, MSCI All Country World Net Index

Platinum Asia Fund:

Inception 3 March 2003, MSCI All Country Asia ex Japan Net Index

Platinum European Fund:

Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:

Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:

Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:

Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:

Inception 18 May 2000, MSCI All Country World Information Technology Index

(nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

The investment returns are calculated using the Fund's unit price. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds).

The Platinum Trust Product Disclosure Statement No. 7 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. You should consider the PDS in deciding whether to acquire, or continue to hold, units in the Funds.

DISCLAIMER: The information in this Quarterly Report is not intended to provide advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Platinum does not guarantee the repayment of capital, the payment of income or the performance of the Funds.

© Platinum Asset Management 2008. All Rights Reserved.

Platinum is a member of the Platinum Group of companies.

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



Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around \$17 billion, with approximately 15% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders. The emphasis of the organisation is on managing clients' money rather than gathering funds: we have no sales staff and pay no inducements to promoters of our funds.

Since inception, the Platinum International Fund has achieved returns of over twice those of the MSCI All Country World Index* and considerably more than interest rates on cash.

INVESTOR SERVICES NUMBERS

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

(for the price of a local call anywhere in Australia)

0800 700 726

(New Zealand only)

OR VISIT US AT OUR OFFICE

Level 8, 7 Macquarie Place, Sydney.



Level 8, 7 Macquarie Place
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

Telephone: 1300 726 700 or 02 9255 7500
0800 700 726 (New Zealand only)

Facsimile: 02 9254 5590

Email: invest@platinum.com.au

Website: www.platinum.com.au