

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 2009

The Platinum Trust quarterly report is available on our website, www.platinum.com.au, from approximately the 15th of the month following quarter end



Platinum®
ASSET MANAGEMENT

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Experts ...

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

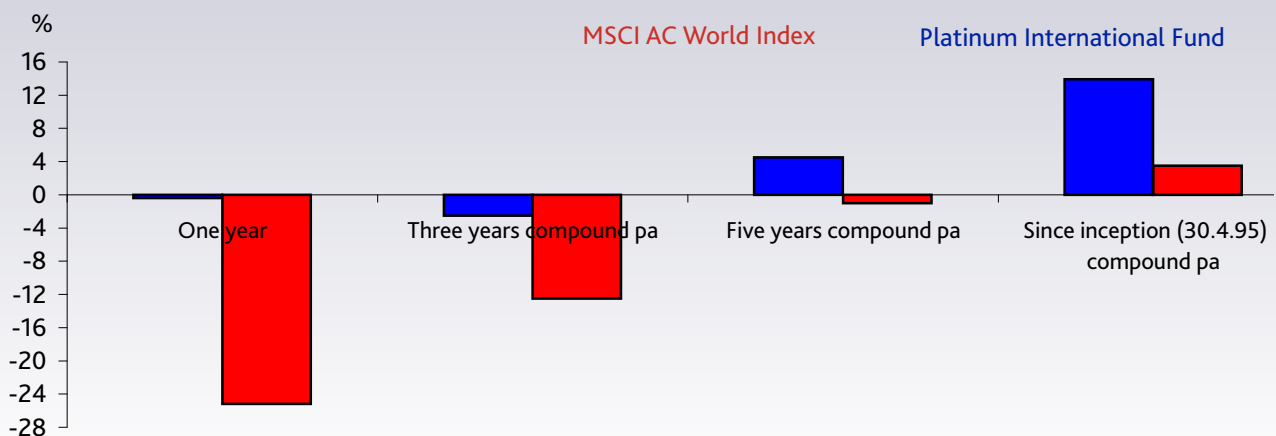
Do email us at:
commentary@platinum.com.au

PERFORMANCE RETURNS TO 31 MARCH 2009

FUND	PORTFOLIO VALUE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	\$7,164m	-1.7%	-0.4%	-3.3%	-2.5%	4.5%	13.9%
MSCI AC* WORLD INDEX		-10.4%	-25.2%	-19.1%	-12.5%	-1.0%	3.5%
UNHEDGED FUND	\$48m	-1.1%	-13.1%	-9.8%	-5.1%	-	5.5%
MSCI AC WORLD INDEX		-10.4%	-25.2%	-19.1%	-12.5%	-	-3.0%
ASIA FUND	\$2,193m	5.2%	-15.7%	-2.8%	-0.2%	14.5%	19.5%
MSCI AC ASIA EX JAPAN INDEX		0.9%	-26.5%	-12.1%	-5.6%	5.6%	9.3%
EUROPEAN FUND	\$149m	-10.1%	-24.9%	-20.5%	-11.3%	0.4%	8.9%
MSCI AC EUROPE INDEX		-14.0%	-35.3%	-24.0%	-14.0%	0.0%	-2.5%
JAPAN FUND	\$429m	3.9%	13.2%	-8.6%	-9.0%	3.4%	15.2%
MSCI JAPAN INDEX		-16.3%	-15.9%	-20.3%	-16.7%	-3.6%	-1.6%
INTERNATIONAL BRANDS FUND	\$363m	-4.5%	-12.0%	-11.5%	-6.8%	7.4%	10.5%
MSCI AC WORLD INDEX		-10.4%	-25.2%	-19.1%	-12.5%	-1.0%	-5.6%
INTERNATIONAL HEALTH CARE FUND	\$15m	-2.6%	-8.3%	-9.0%	-9.0%	-0.9%	-0.1%
MSCI AC WORLD HEALTH CARE INDEX		-9.7%	2.0%	-7.8%	-6.8%	0.8%	1.3%
INTERNATIONAL TECHNOLOGY FUND	\$34m	1.9%	-0.5%	-7.2%	-5.4%	0.8%	6.8%
MSCI AC WORLD IT INDEX		2.7%	-14.0%	-13.1%	-11.5%	-3.5%	-14.0%

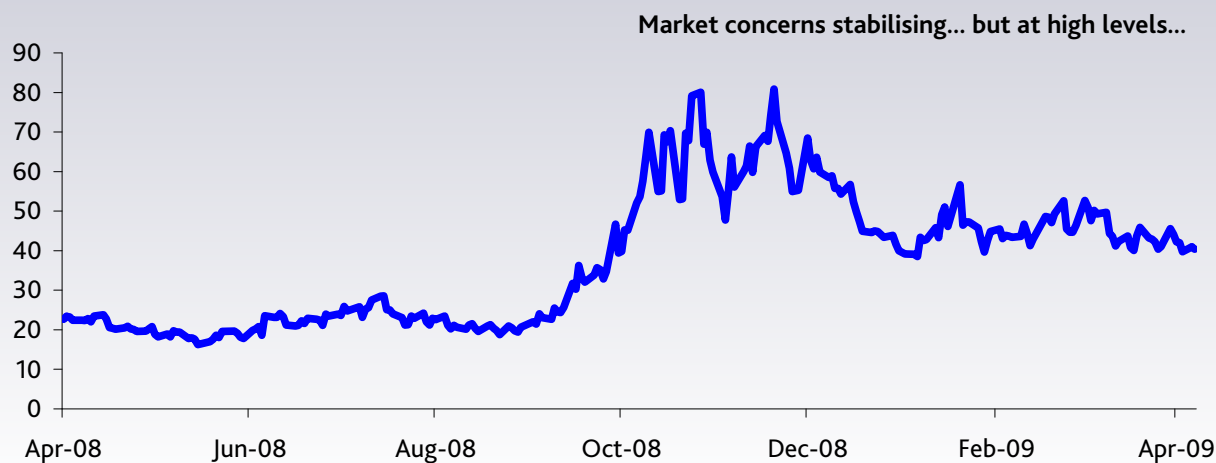
*Morgan Stanley Capital International All Country
Source: Platinum and MSCI. Refer to Note 1, page 36.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 31 MARCH 2009



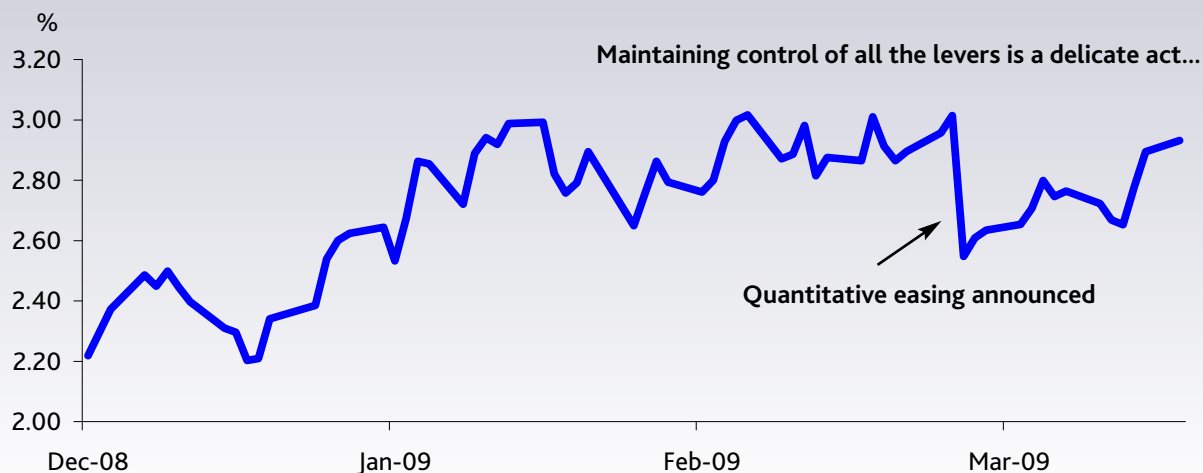
Source: Platinum and MSCI. Refer to Note 1, page 36.

VOLATILITY (VIX) INDEX



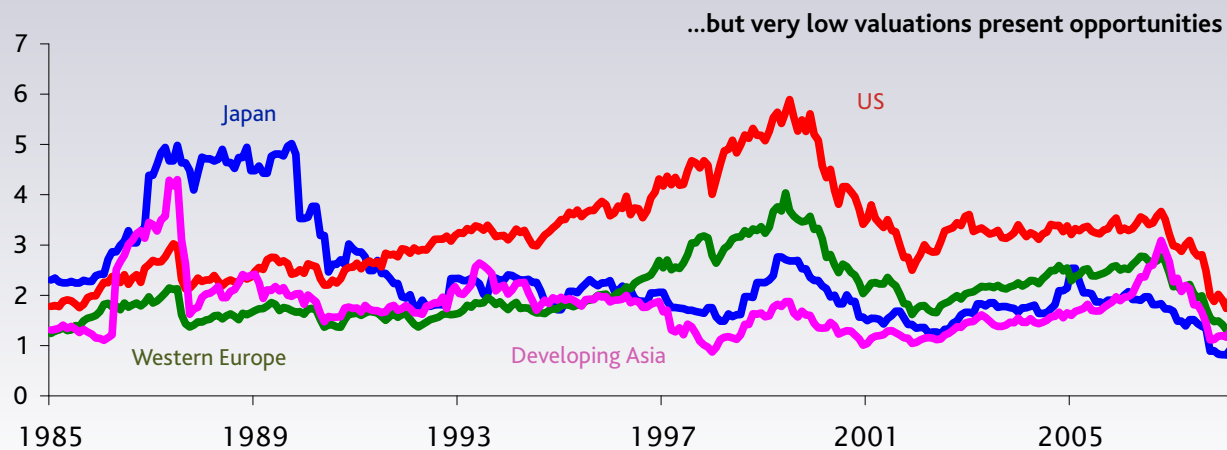
Source: Factset

US GOVERNMENT TEN YEAR BOND YIELD



Source: Factset

PRICE/BOOK VALUE



Source: Factset

PLATINUM INTERNATIONAL FUND



Kerr Neilson
Managing Director

PERFORMANCE

The Fund has been doing well in these weak and unstable markets. This is attributable to the geographic diversity of the portfolio, the stock selection, which includes some exposure to gold shares, and the short sales. Those holdings that were badly treated last quarter such as auto-related entities, performed the best in the recent rally and we are using this volatility to make small changes to exposure without significantly altering the overall balance.

For the quarter, we lost 1.7%, for the last six months we made 1.1% and for the year we were close to break-even at -0.4%. The corresponding numbers for the MSCI All Country World Index were respectively, -10.4%, -21.3% and -25.2% for the year.

Some investors have expressed concern that we might slip back to the pack. Clearly this is possible but our view is that we have been relatively well prepared for this test and it is not as though we are complacently sitting back reviewing the wreckage. The team has been actively scouring the market for companies whose prices overly discount their prospects, diminished though they may be compared to earlier times.

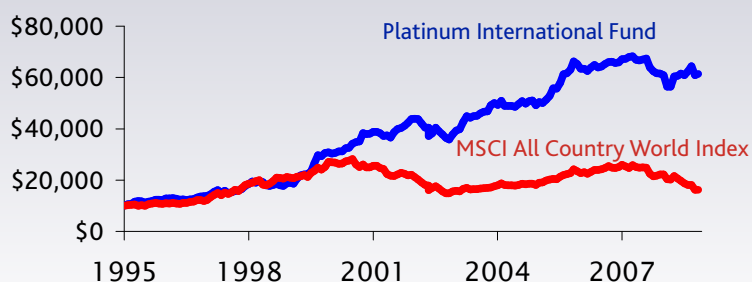
MSCI WORLD INDEX SECTOR PERFORMANCE (A\$)

SECTOR	QUARTER	1 YEAR
INFORMATION TECHNOLOGY	3%	-14%
MATERIALS	-1%	-36%
ENERGY	-6%	-22%
CONSUMER DISCRETIONARY	-7%	-23%
HEALTH CARE	-10%	2%
CONSUMER STAPLES	-11%	-8%
TELECOMMUNICATIONS	-11%	-13%
UTILITIES	-16%	-17%
INDUSTRIALS	-16%	-35%
FINANCIALS	-20%	-45%

Source: MSCI

VALUE OF \$10,000 INVESTED SINCE INCEPTION

1 MAY 1995 TO 31 MARCH 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

CURRENCIES

The significant changes we made over the quarter were to slightly increase the hedge into the A\$ to close to 30% and to more than halve the holdings of the Japanese yen to 9%. This leaves the currency positions largely in line with the geographic disposition of holdings, with the exception of Japan. You may recall that we were very aggressive owners of the yen some months back but our conviction has subsequently diminished. This is driven by the deterioration in some key measures such as the savings rate and trade account.

The A\$ continues to attract foreign interest as the appetite for risk has risen though we cannot see reason to alter our view that it should reach the mid-70s versus the US\$. The latter has weakened slightly versus the Asian block and we are keeping a close watch on potential changes in sentiment.

SHORTING

We continued to reduce the overall level of shorts and now have almost exclusively company specific exposure as opposed to indices. These pertain mainly to those regarded as bullet proof such as education companies, packaged consumer goods, transport services and some retailers that are well on their way back to pre-crash levels.

CHANGES TO THE PORTFOLIO

DISPOSITION OF ASSETS		
REGION	MAR 2009	DEC 2008
NORTH AMERICA	22%	24%
EUROPE	21%	23%
ASIA AND OTHER	20%	17%
JAPAN	19%	20%
CASH	18%	16%
SHORTS	19%	21%

Source: Platinum

Weak prices gave us the opportunity to buy some new holdings and to add to existing positions at knock-down prices. We switched among our gold miners favouring *Anglogold Ashanti* over *Barrick Gold Corp*, and chose to reduce further the positions in *Bombardier* and *eBay*. These companies share the common feature of having some wonderful parts whose contribution is being nullified by their weaker businesses. In the case of *Bombardier*, our faith in rail engineering is proving correct, yet the collapse of private aircraft sales is dragging down the group's results. At *eBay* the problems stem from repositioning itself as an on-line retailer while *Skype* and *PayPal* are thriving.

Returning to the new holdings, *AES* and *Veolia Environnement* are each being penalised for their high levels of debt. *AES* is an independent power producer operating with 43 Gw of capacity in 29 countries. Often working in league with multilateral agencies and with non-recourse fixed rate long-term funding, we are attracted by the price being approximately half replacement value.

Veolia, which we last purchased at the peak of the tech bubble, and then sold too early on its way to quadrupling on a leveraged spree, specialises in water treatment, waste disposal and community transport. *Veolia* holds contracts with public authorities that are decades long and there are very specific barriers to entry. The price is close to those in 2003 and the yield is 7%.

PLATINUM INTERNATIONAL FUND - TOP 20 STOCKS

STOCK	INDUSTRY	MAR 2009
MICROSOFT CORP	TECHNOLOGY	3.3%
MITSUBISHI UFJ FINANCIAL	FINANCIAL	3.2%
CISCO SYSTEMS	TECHNOLOGY	3.1%
SIEMENS	ELECTRICAL	2.7%
DENSO CORP	AUTO	2.3%
HUTCHISON WHAMPOA	TELCO/TRANSPORT	2.1%
SANOFI-AVENTIS	HEALTH CARE	2.1%
ANGLOGOLD ASHANTI	GOLD	2.0%
HENKEL KGAA	CONSUMER	2.0%
SAMSUNG ELECTRONICS	ELECTRICAL	2.0%
HENDERSON LAND DEV	PROPERTY	1.8%
MERCK & CO	HEALTH CARE	1.7%
BARRICK GOLD	GOLD	1.7%
JOHNSON & JOHNSON	HEALTH CARE	1.6%
OBAYASHI CORP	CONSTRUCTION	1.5%
SAP	SOFTWARE	1.6%
JGC	CONSTRUCTION	1.5%
MICRON TECHNOLOGY	TECHNOLOGY	1.5%
BMW	AUTO	1.4%
PPR	RETAIL	1.4%

Source: Platinum

China Life is a long-term play on Chinese prosperity but is presently being penalised over concerns about low interest rates adversely affecting the profitability of its new strategies. As we believe this is transient, we would prefer to emphasise the company's dominance of the mainland market and premium growth in the mid-teens - not so common these days!

Kerry Properties, best known for its association with the Shangri La hotel chain, has some of the most attractive rent-earning, dominant sites in the principal cities of China. Selling at half book value, with low gearing of around 35%, its potential is presently being undervalued.

Canon, one of the world's great corporations simply got too cheap to ignore when it was trading at book value.

COMMENTARY

With all the market gyrations it is tempting to believe that the "authorities" are getting on top of the problems, and that we may reflect on this period in the future as some sort of transient mishap. Given that the excitement of the potential of equities is still fresh in investors' minds, there is a danger that emotion could be placed above logic. The best protection from this is to keep a check list of the root causes of the current economic contraction:

1. Far from being a free exchange, the **imbalances between the large consuming nations and the savings nations** must still be addressed to achieve a sustainable world economic order. We are seeing some changes here with the US savings rate climbing towards 5% and of course the reciprocal deterioration in Eastern trade surpluses. However, a fundamental solution requires a significant shift in the profligates towards more investment and self-funding and a change in the institutions of the high savers to encourage greater and sustained domestic demand, perhaps encouraged by a broader social security net.

2. **Western banks are deficient in equity** and even though the intervention is directed to free-up their balance sheets, their willingness and ability to lend will be closely linked to the rehabilitation of their equity reserves. Spreads have improved somewhat but we are yet to see the bad debts from the second phase of this economic contraction.

3. **Profits were at peak levels in 2007/08 worldwide** and way above trend. In the initial deflationary phase of debt retrenchment, pricing power will be scant and only if these current resuscitation measures succeed will this change. Importantly, not all areas will recover pricing power on account of increased regulation, protectionist tendencies and perhaps more restricted global trade.

4. There is **simply too much debt** out there. The measures taken can dislocate the formerly worshipped benefits of market pricing and are evidently already causing distortions. Here one can cite obstruction to clearance of industrial capacity; bond pricing imperfections caused by government guarantees and so on.

Hardly a day goes by without some pronouncement from on high regarding the 'world financial crises': deficit spending, industry support measures and in particular massive injections of reserves into the global settlements system via the International Monetary Fund (IMF) and individual banking systems via direct purchase of government bonds. With short-term interest rates in most countries now pitiful, the willingness to take risk has shifted and it seems this is contributing to the global market rally.

The magnitude of these measures is almost beyond our comprehension. Take the US for example; we find that the alphabet proposals (TALF, TARP, PPIP) amount to some US\$2.75 trillion. Should private investors take the opportunity to enter into the latest scheme and help recycle funding, with the aid of the Treasury and the Federal Deposit Insurance Company (FDIC), base money in the system would explode to US\$3 to 4 trillion. Up until recently many believed that the system was adequately stocked with base money of US\$800 billion. This in turn had been geared up over 30 times to create interest bearing liabilities for the US of over US\$30 trillion. The losses to date of some US\$1 trillion have eliminated some of these claims and with it, considerable equity, creating a negative wealth effect and this is hampering the ability of banks to function properly¹.

The so-called quantitative easing, by creating bank reserves to supercharge the system, is an experiment. In Japan it failed to rejuvenate an economy which had the specific distinction of being surrounded by a sea of growth through much of the 1990s. The present injections are being counteracted by a host of physical and psychological reactions such as massive de-

stocking and job losses, plummeting investment, a greater desire to save and banks that have tightened their controls commensurate with their recent shock. Contrary to impressions given by the popular press, they have continued to lend more money (as did the German and Japanese banks after their shocks in the early 1990s), but the evaporation of wealth (equity), and virtual closure of the securitisation markets, has meant there is still too little lending to maintain the existing balloon of debt. Via quantitative easing, effectively swelling the money stock three fold, the US is trying to compensate for the refusal of investors to support a debt pool that had grown too large for the host economy.

No doubt the plan is to reverse this money expansion at some point. The lesson from Japan is that the government was left with a massive debt burden and was reliant on the Central Bank to keep buying its debt to keep its interest bill low and to prevent the crowding out of private investors. Each time it tried to normalise the economic levers, it found the economy wilted.

Here at Platinum, we are beginning to favour companies that will be reasonably well-placed if ultimately inflation threatens. **We are also tending to emphasise those countries which have low government debt and high savings** as we believe they have greater scope for growth than those labouring under the burden of rising national debt.

A country that does not fit this description and yet will in all probability continue to grow is India. Its Central and State government funding is a mess with deficits around 6% of national GDP. Company balance sheets have deteriorated as a consequence of what we internally describe as global conquest; in the boom it seemed to become almost mandatory to acquire some foreign trophy. Bank credit grew during the boom by about 25% a year, fuelling a classic chase into property and house building but fortunately most were too busy at home, with the exception of ICICI, to get caught with nasty paper.

During our visit to India in March, most of the banks we met seemed unduly complacent about the quality of their books. Even so, there has been a profound rebirth of national pride and a general belief that the

¹ Interestingly, US banks are themselves reasonably well funded by deposits whereas their UK and some continental counterparts rely more on wholesale funding through the money markets. Government measures during the last major disaster of the 1930s partly account for this in that the Federal agency, Fannie Mae (FNM), was established in 1938 to facilitate affordable lending to home owners. FNM's ambitions expanded and eventually it was leveraging up its balance sheet, on the basis of an implicit government guarantee, to own and also to securitise mortgage backed paper. Others emulated this process as a way to fund other consumer receivables such as auto loans and credit card receivables, whereas the Europeans tended to keep loans on their balance sheets.

country can and should grow faster than the 4% rate of the past. With a high savings rate of 30% of GDP and relatively low external exposure, all that is missing is an upward shift in the tax base. Criticism of the corruption at the centre seemed more prevalent than on earlier visits but the prospect of higher income tax collection seems about as remote as the nation abstaining from chapattis.

We met with a broad variety of companies and felt that the prices have come back to levels that are bordering on attractive. A near term danger rests on the outcome of the May 16 general election. Of concern is the support being given to Mayawati, the Chief Minister of India's most populous state, Uttar Pradesh. Although Mayawati has a sad reputation, she may be able to be a powerful broker in a much more fractured parliament. With the country already critical of the remote, venal and vacillatory nature of Delhi, the prospect of even more dithering in the leadership is a disturbing possibility.

OUTLOOK

We cannot know whether the markets have established a bottom.

The nature of the world's current problem is highly complex and the outcome will depend heavily on how individuals respond to uncertainty. We are clear that there was a great deal of fear factored into prices as we entered March, and this led us to cut our short position and to position most of our shorting in companies that are being regarded as bullet-proof. (Some of the latter have actually sold-off into this rally as investors seemed to use them as a source of funds to play more growth sensitive options.)

Simply by gauging the number of disbelievers, our instincts are that the rally will proceed higher. When we look at the opportunities available, we are encouraged by the holdings we have and see a likelihood of making money for investors. We can now buy many companies at or below their book value. This is most rare. It implies that there is no intrinsic value in the work of decades of putting together the whole neural system that comprises a successful company - the totality of which make-up a modern market-based economy.

PLATINUM UNHEDGED FUND



Jacob Mitchell
Portfolio Manager

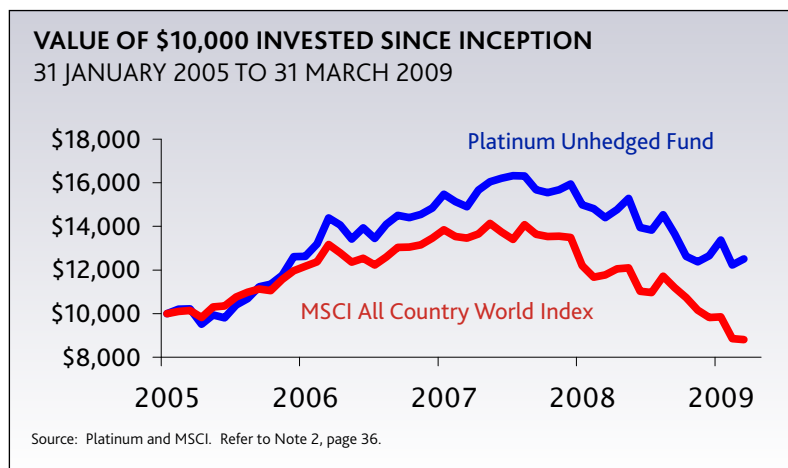
PORTFOLIO POSITION

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

- Technology 16% (13%), Health care and other once proud “growth” stocks.
- Asia ex-Japan/Hong Kong 14% (14%), including Thailand, Korea, Taiwan and Malaysia.
- Energy and “Green” Technology 14% (10%), a long duration theme.
- Hong Kong listings 11% (11%), largely China consumption exposures (eg. property and retail).
- Japanese domestic 9% (11%), banks, property, transport etc; Japan is one of the few developed economies where consumers remain relatively ungeared and investment preferences, driven by rising inflationary expectations, can change for the better ie. away from deposits and bonds, towards equities and property.
- Gold 9% (8%), a laggard metal and inflation hedge.
- Global Infrastructure/Energy capex related 6% (8%), a combination of the BRIC’s (Brazil, Russia, India and China) emerging requirements and the need to “renew” key parts of Western public infrastructure.
- Pulp and Paper 3% (4%), key neglected part of the commodities complex.

DISPOSITION OF ASSETS		
REGION	MAR 2009	DEC 2008
ASIA AND OTHER	33%	30%
JAPAN	23%	21%
NORTH AMERICA	22%	24%
EUROPE	15%	16%
CASH	7%	9%

Source: Platinum



PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the last 12 months the Fund fell 13%, outperforming the MSCI All Country World Index (A\$) benchmark by 12%, and over the past quarter the Fund fell 1%, outperforming the benchmark by 9%. Since inception the return of the Platinum Unhedged Fund is +6% pa versus 3% pa decline in the MSCI.

The Fund performed strongly in a relative sense; in the current environment, absolute returns from a fully invested, long only Fund will require patience. In the December report we discussed how we had positioned the Fund for a strong performance in the more cyclical parts of the market (eg. technology, commodities, property) versus defensive areas (eg. utilities, telcos and pharma) and that we had concentrated our bets in Asia. This was the outcome of our bottom-up work, rather than a tortured top-down decision. At least for the moment, this positioning is working. Accordingly, the major investments/ideas that made money this quarter included:

- Hong Kong listed Chinese consumption plays including Dongfeng Motors, Denway Motors and Bank of China.
- Technology and other cyclical including Micron, Nippon Electric Glass, Denso.

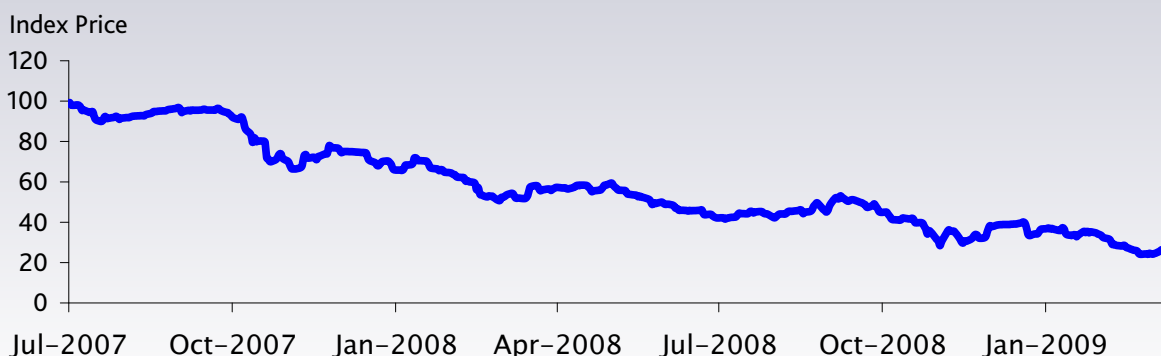
The major investments/ideas that cost money this quarter included:

- Japanese domestic exposures such as Yamato Transport, Mitsubishi UFJ Financial.
- Pulp and paper stocks continued to lose us money – our decision last quarter not to add to this position due to balance sheet risk proved correct.

As the market sold-off, we increased our equity weighting to 95% as we found valuations too compelling to resist. We reinforced the cyclical bet within the portfolio by adding 3.5% to technology (eg. Canon, ebay), 3.5% to energy/commodity (eg. Mitsui, Impala Platinum) and funded this by selling outperforming Japanese domestics that had benefitted from the yen's strength (eg. Shimizu, Obayashi), selling outperforming European exporters that had benefitted from Euro weakness (eg. MTU Aero Engines) and running down some cash. This all seemed to work as the bounce in the market was predictably accompanied by weakness in the yen against most currencies and the tentative Japanese market rebound hides some quite large moves in exporters.

Towards the end of the quarter we started to book gains on some of our more successful trades, selling Dongfeng Motors and reducing Denway and Denso.

US MORTGAGE INDICATORS (sub-prime AAA residential)



Source: Factset, Markit, ABX HE AAA 7-2

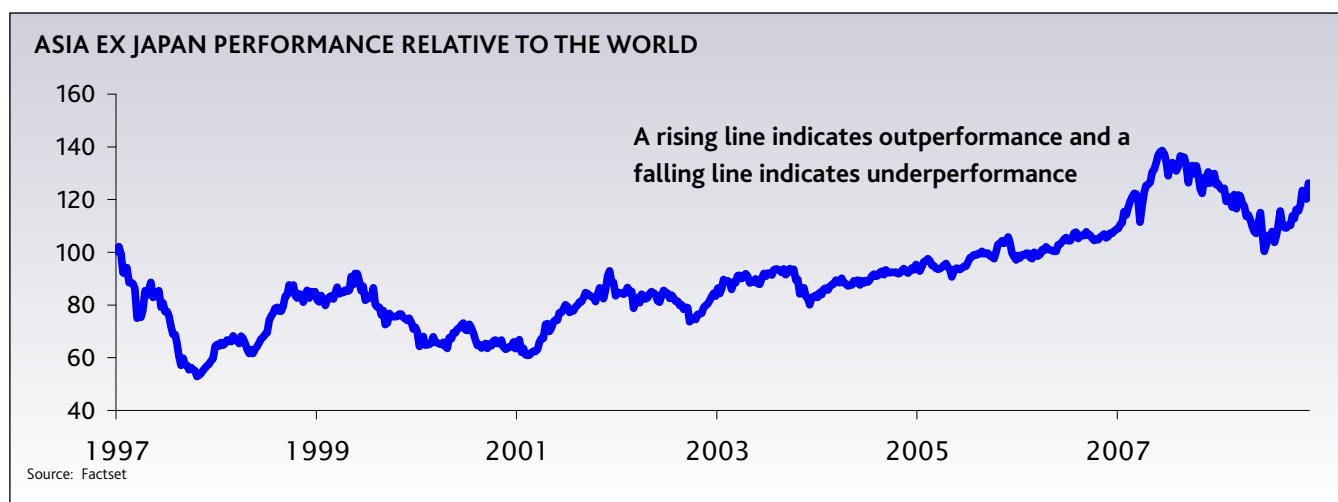
OUTLOOK

Emerging markets have started to strongly outperform developed world markets (see chart below). In the bull market that ended abruptly two years ago there was much discussion regarding the potential for Asia to “decouple” (to the upside) from a slowing developed world and morph seamlessly into a domestic-led demand story with its bull-market intact. Of course the opposite happened and Asian markets fell much harder than most Western markets as the realisation hit investors that this was no ordinary slow-down and many foreign investors returned home.

Most of the excitement regarding tentative improvement in Western world data points is all about a slowing rate of decline or a sequential improvement in orders as inventory rebuild occurs. However, there is still a significant question mark over recovery in the end demand environment. We think the key measure of whether any of the US Federal Reserve’s attempts to recapitalise the US financial system are actually working will be found in a stabilisation in US housing prices and some indication that the pricing of various types of asset backed paper is actually improving – there is no evidence of this yet (see chart on page 10).

The data coming out of the emerging world and specifically China sits in sharp contrast with this - retail sales are still expanding at roughly 15%, auto sales are flat, property transactions are rebounding and credit is expanding at a rate of 20% - these are not “depression” like outcomes.

Without wanting to jinx markets, Asian decoupling may now be occurring (as originally intended) – but as is often the case when much money has been lost betting on an outcome, the original adherents are less keen to embrace the idea.



PLATINUM ASIA FUND



Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 31 March 2009)					
	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	5%	-16%	0%	15%	20%
MSCI AC ASIA EX JP INDEX	1%	-26%	-6%	6%	9%

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

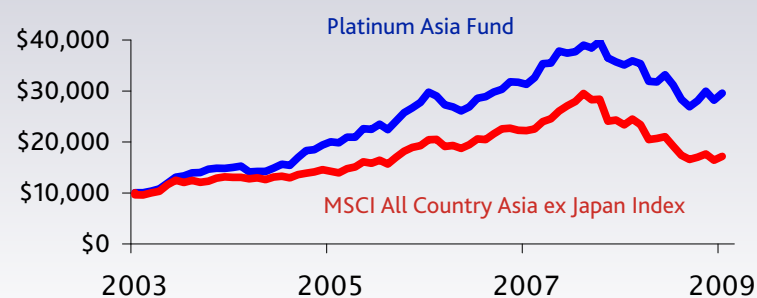
Regional stock markets began to rally toward the end of the quarter as more evidence mounted that Asian economies, in particular China, were stabilising. Also helping this rise was a growing confidence that problems in global banking systems have been solved (at least for the moment) and the ongoing freeing-up in global credit markets. The MSCI Asia ex Japan index increased by 4.2% over the quarter, although these gains were reduced to 1% to Australian investors as a result of an appreciating Australian dollar. The best markets were in greater China, in particular the Shanghai A shares which rallied 30% on the back of easing monetary and fiscal policy. The Fund's outperformance during the quarter can be attributed to the heavy weighting in the Chinese stocks (listed both in China and HK) with our two auto companies, Dongfeng Motor Group (up 60%) and Denway Motors (up 25%) being major contributors to performance. The Fund's 25% exposure to the Australian dollar also helped offset some of the losses from the rising Australian dollar.

DISPOSITION OF ASSETS

REGION	MAR 2009	DEC 2008
CHINA (LISTED EX PRC)	21%	19%
HONG KONG	10%	10%
CHINA (LISTED PRC)	8%	4%
TAIWAN	9%	9%
GREATER CHINA TOTAL	48%	42%
KOREA	13%	14%
THAILAND	9%	9%
MALAYSIA	7%	7%
SINGAPORE	5%	5%
INDONESIA	4%	4%
PHILIPPINES	3%	3%
INDIA	1%	2%
CASH	10%	14%
SHORTS	0%	0%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 3 MARCH 2003 TO 31 MARCH 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

Further cash reserves were put to work during the quarter increasing the net invested position of the Fund to 90%. The key purchases were made in the Chinese A share market. These included China Life, the country's leading life insurance company that is well positioned to capture a substantial share of a fast growing pool of household savings. CITIC Securities is China's leading investment bank with strong market positions across a range of financial services from broking to funds management. Other investments added to included Guangzhou Airport, UFIDA Software (enterprise software for Chinese market) and GRG Banking Equipment (leading automated teller machine manufacturer in China).

COMMENTARY

By the end of the quarter there were a number of signs, both in company data and in economic statistics, that the worst of the decline in economic activity in the region was behind us. In China, container throughput at the ports picked-up strongly from depressed levels (although still below peak levels) indicating an improvement in export volumes. In the electronics area there were a number of companies or subsectors showing an improvement in ordering trends. Clearly this is but one of Asia's export industries, but a combination of underlying secular growth (due to technological development), together with short supply chains, means that it is not surprising that the first signs of improvement have been seen in this area. One would expect other manufactured goods and commodities to show a similar pattern of recovery over the course of the year.

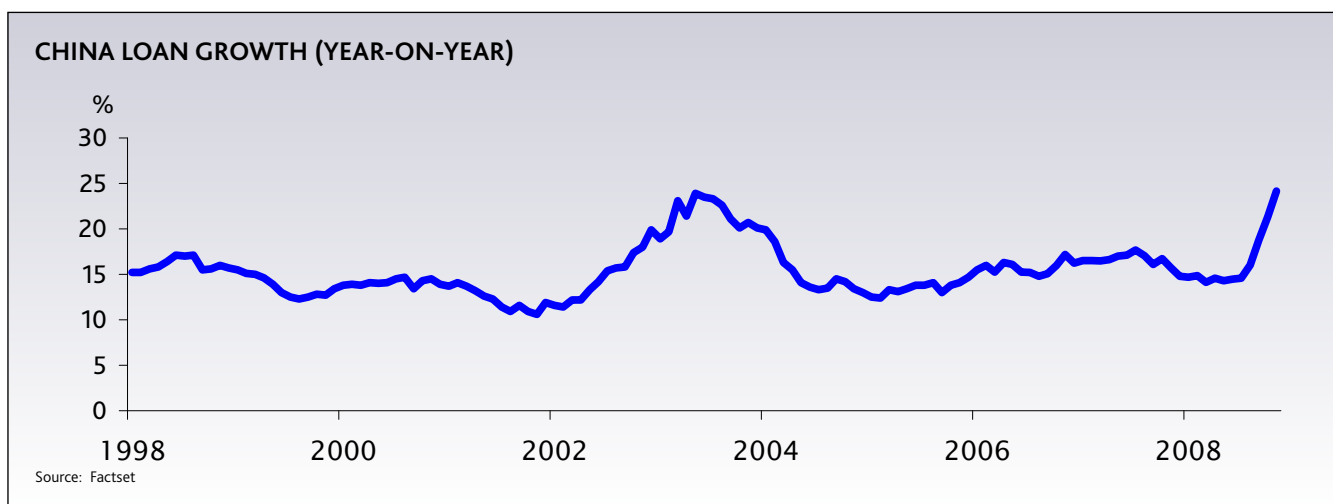
Taiwan Semiconductor (the world's largest semiconductor foundry and a holding of the Fund) has reported a very strong pick-up in orders during the first quarter compared with levels experienced at the end of 2008. While the improvement comes from a very low level of business it is indicative that the inventory rundown by its IT and telecommunications customers has come to an end. Elsewhere, LCD panel

makers have cleared inventories and are reporting substantial improvements in plant utilisation as consumers across the globe respond to great "bargains" on LCD televisions. Similarly demand for flash memory chips has picked up substantially in response to lower product prices.

To be clear, none of the above suggests a return to the "good old days" for regional export growth, but rather that the worst of the declines are past. Further it should be expected that as business settles at levels above the worst of 2008 but well below the peaks of 2007, there will continue to be bankruptcies in export sectors with associated factory closures, loss of jobs, and bad debts for the banking sector.

With exports unlikely to help for some time to come, the key for economic growth through the region will be domestic consumption. As we discussed in our last report, China has been facing not only an external slowdown, but a domestic one that had been brought about by tight monetary policy. These policy measures have been rapidly reversed over the last six months with interest rate cuts, removal of lending restrictions, and moral suasion on the banks to lend. Whether or not a direct result of such measures, a strong pick-up in residential property sales has some importance. This is occurring at prices that in many cases are as much as 50% off the highs seen in recent times, nonetheless, the process of clearing developers' unsold inventories has begun. While this may have little benefit in terms of creating activity immediately, it is critical for this to occur before developers will consider commencing new projects.

More generally though, bank lending growth in China accelerated in the first two months of the year, registering a 24% increase over the 12 months to the end of February (see chart over). In most circumstances one would consider this to be an indicator of increasing investment, though whether it is in this case remains to be seen. Generally the anecdotal evidence from retailers suggests that away from the coastal export zones where there have been significant job losses, business has not really skipped a beat.



The other positive for the region that has become apparent over the last few months is that the banks remain in good shape. Although they have taken losses on their exposure to securities issued by the global investment banks, and non-performing loans are on the rise, especially amongst their exporting customers, the banks have not suffered from the same funding issues as have their counterparts elsewhere. This is simply because by and large they are funded by local deposits. The importance of this is that they have been in a better position to support the funding requirements of their customers.

In late March we visited India and were surprised by the resilience of the economy to the global downturn. The country had experienced a massive credit binge which in turn had created a major stock and property market boom. Large current account and fiscal deficits illustrated a clear lack of internal funding for the country's extraordinary growth, and with the crisis in global financial markets, an important source of funding had been cut-off. This potentially made the economy the most problematic of all within the region.

Asset markets have now landed with a thud but large parts of the economy have remained immune to the global slowdown. The rural sector continues to grow steadily and the 10 million or so public sector employees who will receive a pay rise of 35% or so

this year represent another group that should provide a steadying influence to the domestic economy. A significant ongoing infrastructure spending program will help sustain activity. Of course export-oriented sectors such as IT services have been hit hard as has the property sector where developers have geared themselves heavily in a rush to accumulate land. A global conquest mentality amongst some Indian companies has led to some expensive offshore acquisitions and overleveraged balance sheets. Undoubtedly there will be some high profile disasters from these areas at some point but it may be that these will be isolated events with repercussions only for the shareholders and bankers and not the broader economy.

Although it is possible that the base in economic activity in the region may soon be reached, it is clear that many industries will be operating well-below their potential capacity. The outcome from this is a mediocre environment for profits and indeed one would expect company results to be poor for some time yet. However, as we observed in our last report, at market lows reached last year, valuations were such that very dire outcomes had been priced in. Since then Asian markets have slowly started to outperform on the back of signs that economic activity is stabilising in the region. We remain quietly optimistic that this trend will continue, though it is unlikely that the ride will be a smooth one.

PLATINUM EUROPEAN FUND

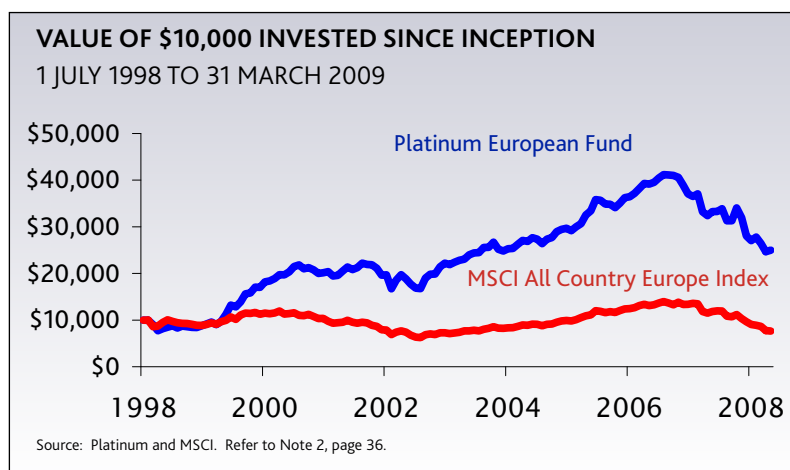


Toby Harrop
Portfolio Manager

PERFORMANCE

European stock markets were lower again in the quarter, by 14% as measured by the MSCI in Australian dollars. The rebound in markets since mid-March makes for an odd mixture of stocks and sectors at the top and bottom of the performance tables. There are a few banks scattered among the resources companies in the winners list; however, some large British banks (Lloyds, -43%, and Royal Bank of Scotland, -50%) feature among the “laggards” as well. Perhaps more surprising is the renewed decline of the leading (non-government) free-to-air TV stations (France’s TF1, -43%, UK’s ITV, -52%); the identical drop (-51.6%!) of the two Finnish pulp/paper giants; and the “non-defensiveness” of the UK telecom BT Group (-42%). Continuing the year-old pattern, in other words, there were many and varied ways to lose money in the European markets this quarter...

The Platinum European Fund, relatively fully invested in the light of the many enticing valuations, lost 10% over the period. Damage was suffered particularly in St Gobain (building materials, -31%), JC Decaux (outdoor advertising, -31%) Daimler (ie. Mercedes Benz, -27%), and Lagardere (media, -27%). It may be worth noting that each of these four stocks had already declined by nearly two thirds *before* this quarter’s swan-dive.



PORTFOLIO ACTIVITY

We took advantage of the strong performance of mobile telephony specialist Ericsson (whose share price was higher(!) than a year ago), and the resilience of German software group SAP, to reduce “technology” exposure to 6% of the Fund. Elsewhere we closed the small but profitable short position on handbag hero Hermes; and reintroduced a modest holding in the water utility Veolia Environnement (at a share price of Eu16, compared to mid-2007s peak of Eu65). The A\$ position of the Fund was maintained at around 67%. At the end of March the Fund was 92% net invested (comprising 96% long, 4% short).

COMMENTARY

Recent data from Morgan Stanley indicates that share prices (as measured by the global MSCI data) are approaching the level of “book value” (or net assets). The commentary notes that this level hasn’t been reached in 35 years. Indeed for much of the period, certainly for the past two decades, two to three times book was the norm. (Share prices exceeded four times stated net assets in the frenzy of 1999/2000). Japan, as a whole, now trades “below book” – not an encouraging metric for those concerned that Western economies are set to replicate Japan’s recent history.

European markets are generally trading at a small premium to stated book value (French CAC Index 1.05 times, German DAX Index 1.2, UK 1.4, Spain 1.45 etc); Italy is an exception at 0.8 times (ie. a 20% discount to net assets). At the lows of 13 March 2009, the markets were generally below book value (the 50 Euro leaders at 90% of book, the 500 largest at just a 5% premium). “Book value” by definition may not be realisable in that the carrying value of assets may well be above their market value (eg. expensive acquisitions in the credit bubble generating accounting – not real – “goodwill”). With that caveat, however, the long history of markets seldom trading so cheaply on this measure is somewhat reassuring.

Moving away from the abstraction of market aggregates, two examples on the situation at stock level may be useful. We have recently added to the Fund’s holding in the French building materials/glass/packaging group St Gobain. The company has 209,000 staff, operations in 60 countries, and annual revenues of Eu44bn (A\$80bn). While some of its products are undifferentiable commodities in nature, the group makes a sustained effort to improve its pricing power by investing heavily (Eu400mn pa) in materials and application research. Over time this underpins revenues. In addition, perhaps a third of the business benefits from the energy efficiency trend – government building codes now require energy saving materials to be used in hospitals, schools etc in much of Europe.

In the last decade, St Gobain’s annual earnings per share have been, in Euros: 4.0, 4.5, 3.6, 3.1, 3.0, 3.0, 3.4, 4.6, 3.6, and 3.1. It is a steady business, serving industries which fluctuate at varying rates, but with a sufficient geographic and end-user spread to result in a decade of earnings around Eu3.5 per share per year. At its 2007 peak of Eu78, the stock was expensive, not least because the most famous French buyout group was building a stake with the intent of shaking up this proud old (founded 1665) company. However, at Eu20, where we recently added to the holding (now 2.8% of the Fund), and at Eu24 as we write, the shares seem underpriced. The so-called “Graham and Dodds P/E” measure, where the average of the last ten year’s annual earnings per share is divided into today’s share price, gives 7 for this stock. Historically, for markets generally, a figure of 10 is low. For a company in good financial shape (a recent rights issue partly explains the weak share price), with scale, breadth and strong market positions across the board, 7 times is close to fire-sale pricing. St Gobain trades at around two thirds of book value; this is about half of its longer term rating.

Another stock trading below book value is machinery maker Metso of Finland (0.9 times book according to the Factset data). This company serves both the pulp and paper, and mining industries (the latter with rock crushers etc, also extensively used in road building). This stock is an old friend, which we started buying at Eu10 in early 2004 and finished selling at Eu44 in

mid-2007. The shares inevitably went on, touching Eu50 a few months after our exit, but have since collapsed to around Eu9, where we have again been adding. A similar Graham & Dodd P/E calculation gives 8 for this stock, albeit that the earnings are not as steady as in the St Gobain example, with Metso having two loss-making years in the past decade.

However, the business is an interesting one, with just a few competitors, and while it has enjoyed the volumes (and pricing) of the mining boom around the world, it has had very little new building business from the pulp and paper division. The latter could surprise with new orders, but in the meantime the spares and maintenance activities in support of these high tech machines provide steady profits. On the rock-crushing side, government fiscal initiatives on highway building offset the slowing orders from the miners. The Fund has 2.1% in Metso.

Such companies, with strong market shares in admittedly “cyclical” industries, available at these valuations, are the reason we have the Fund fairly fully invested. It is entirely possible that markets may yet make new lows as the recession deepens; indeed credit market pricing, and the realised losses – and low recoveries – on debt defaults clearly heighten such concerns. However, at the individual stock level, valuations have dictated the 90%+ net invested position. The main effort at the moment is to try to improve the average “quality” (ie. dependability) of the stocks in the portfolio, by using strong market rallies to weed out stocks where debt or earnings strength is worse than the alternatives available.

In May 2009 I will be leaving Platinum Asset Management after 15 years. It has been a fascinating time to be analysing and investing in European businesses, with the markets presenting all sorts of opportunities, including two major escalations as well as several precipitous drops. My great thanks to Platinum European Fund unitholders for your interest and patronage. As a PEF unitholder myself, I look forward now to reading future quarterly reports by Clay Smolinski, a colleague whose company I have enjoyed, and whose advice I have greatly valued, these last few years.

INDIA





PLATINUM JAPAN FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio, measured on a gross long basis, include (position prior quarter):

Domestic related 42% (45%), including:

- 16% (12%) Defensive (eg, food, telecommunications, services).
- 12% (14%) Financials.
- 8% (10%) Real estate, retail.
- 1% (4%) Construction.

Export related 43% (41%), including:

- 15% (18%) Technology (including specialty materials) and machine tools.
- 14% (9%) Commodity/energy related.
- 9% (9%) Autos.
- 5% (5%) Global capital spending related.

Gross long stocks 85% (86%); short stocks 19% (16%); net stocks 66% (70%).

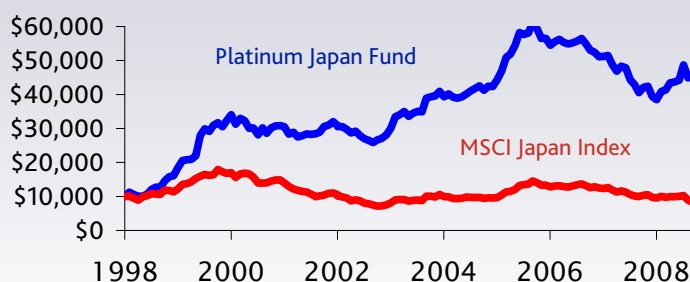
DISPOSITION OF ASSETS

REGION	MAR 2009	DEC 2008
JAPAN	79%	80%
KOREA	6%	6%
CASH	15%	14%
SHORTS	19%	16%

The Fund also has a 9.4% short position in Japanese Gov't Bonds.

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 1 JULY 1998 TO 31 MARCH 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the past 12 months the Fund rose 13%, outperforming the MSCI Japan Index (AUD) benchmark by 29%, and over the past quarter the Fund rose 4%, outperforming the benchmark by 20%. Over the past 12 months the benchmark fell 36% (yen) and 16% (A\$), and over the past quarter 9% (yen) and 16% (A\$).

It was clearly an eventful quarter for the Fund so we may spend more time in this report discussing what happened in contrast with the last report that focused predominantly on the outlook.

The 3.9% quarterly gain for the Fund comprised a:

- Long loss of 2.4%
- Short gain of 3.8%
- Cash and other gain of 2.5%

Another way of expressing the attribution is that in A\$ terms, our average long fell roughly 3%, versus a 16% drop in the market, whilst our average short fell roughly 22% – that is, we were generally long and short the right stocks.

The major investments/ideas that made money this quarter included:

1. Shorts on over-valued “defensive” and/or domestic stocks eg. Shiseido, Terumo, Lawson, Kurita Water, East Japan Railroad. We closed out all these positions.
2. Readers of the December quarterly report will know that we had positioned the portfolio for yen weakness by selling defensives/domestics in favour of cyclicals/exporters – this proved timely, and our best performing stocks were auto, technology and capital equipment related - our suspicion that market participants were over-reacting to the extremely poor near-term economic data in their pricing of cyclicals has been confirmed.
3. Being underweight the yen based on our intuition that its strong run was ending as the Japanese trade surplus collapsed – we started the quarter with 66% in yen and ended with 45% (now 42%); over the quarter the yen fell 7% against the A\$ and 8% against the US\$. As the Korean won sold-off to a never before seen low

against the yen (see chart over), we increased our won currency position from 6% to 17%. The logic for this currency bet was that the won had been unfairly caught up in the broad emerging market liquidity crisis. Much of the hysteria related to the challenges facing South Korean banks rolling short-term US\$ based financing (and we took advantage of this specifically by adding to KB Financial at the lows). Simplistically, the consensus macro analysis failed to acknowledge that the country had entered this crisis in far better shape than when IMF “intervention” was required in 1998. This is most obviously evident in the size and resilience of its foreign currency reserves and trade surplus. Further, our analysis found that on both a purchasing power and real effective exchange rate basis, the won was extremely cheap relative to the yen. This soon proved a winning trade and by the end of the quarter the won had appreciated 11% from its low against the yen with the rate of appreciation accelerating.

The major investments/ideas that cost money this quarter were our domestic related holdings such as NTT Docomo, Yamato and Mitsubishi UFJ Financial – we remain committed to these positions.

The major changes in the composition of the long side of the portfolio include:

- Domestic exposure fell slightly from 45% to 42% as we continued to reduce our construction bet and sold most of the Aeon holding having lost patience with the management’s feeble restructuring efforts. As the general market rotation out of defensives/domestics into cyclicals/exporters gained pace, long opportunities in domestic areas started to emerge. We have been building positions in areas such as mobile telecommunications. In future quarterly reports we will communicate more thoroughly the logic behind these positions.
- Our export exposure rose slightly from 41% to 43%; we have gradually reduced the technology and auto position, not because we think the stocks are overvalued, but rather, in some cases we think the earnings recovery will be far rockier than the market expects, and hence, there’ll be cheaper re-entry points. Our aggregate increase in exposure has occurred in energy and “alternative” energy plays – this has the hallmarks of a mini bubble in the making.

- We continued to add to very cheap small-caps – we appreciate that many a career has been wasted waiting for the next Japanese small-cap bull market and, hence, we're hoping to avoid value traps by focusing energy on companies that offer an interesting secular growth story and that have demonstrated a willingness to payout excess capital to shareholders. We've had some early success with one of our small positions, USJ (Universal Studios Japan), being bid for by a Goldman Sachs led private equity consortium at close to a 50% premium to our entry price.

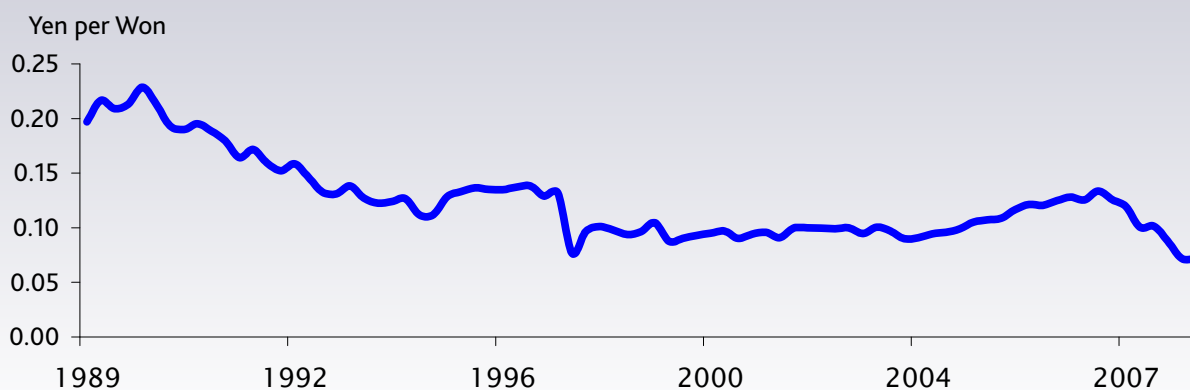
- Covering most of our consumer-related defensive shorts, replacing these with shorts on the utilities and private railroads. These have remained hiding places for domestic investors and are extremely overvalued.

OUTLOOK

The Japanese headlines remain quite sobering: year-on-year quarterly industrial production is currently falling at a rate of 30% versus an 11% fall in the US and an 18% fall in South Korea (in the great Depression US industrial production fell 53%, peak to trough 1929-1932). Many would love to kick Japan for being the sick man of Asia, if not the world – we would rather focus on the facts. Japan is experiencing a much sharper slow-down partly because the yen is overvalued against most currencies and especially against its key competitors in Asia, South Korea and Taiwan. The Japanese equity market is worth US\$2.6tr, it's the second largest to the US – it remains relevant. Over Japan's 20 year bear market entire academic careers have been devoted to understanding the causes and possible cures – there is very little new information in the current discussion and we caution that the analysis of the West's market and economic woes may be just beginning.

The Japanese Prime Minister's advice to European leaders at the G20 summit to learn from Japan's "success" in dealing with a long period of deflation by increasing the size of its fiscal stimulus was stunning, given the blatant multi-decade failure of the Japanese policy. Possibly, the PM was confusing national

KOREAN WON/JAPANESE YEN EXCHANGE RATE



Source: Factset

interest with self-interest as the LDP's pork barrelling policies have been hugely successful in maintaining power over this period. With a general election looming, there remains a small chance that the current "crisis" will force the Japanese people to consider an alternative to the old guard that haunts both sides of Japanese politics, an alternative that may push through much needed domestic market liberalisation that favours domestic-led economic growth over the mercantilist model that has dominated for so long. We will monitor this closely as any domestic reform would open up significant new opportunities for the Fund.

Given the mechanistic nature of sell-side analysts, most are yet to factor yen depreciation into their export earnings and very few export sectors are afforded overweight ratings by the local broker community, which lends support to the idea that the rally may be sustained longer than many pundits predict. The Western world consumer is NOT about to recharge their consumption battery, however, many cyclical stocks became too cheap and are now in the process of repricing as an inventory rebuild gathers pace. Furthermore, there is a growing realisation that due to a combination of technology leadership and balance sheet strength, some Japanese companies will continue to gain market share in a capital constrained world; Toyota and Denso are obvious examples – even the profligate US Government can't bring itself to bailout the Big Three US automakers. This is good news for Japan and Asia generally and shows rare leadership by the US in maintaining some semblance of free trade in a world increasingly characterised by hyperactive policy making by national governments.

China and the emerging world have a far greater chance of leading the world out of this debt deflation cycle. Sceptical investors would argue that recent Chinese bank lending growth of over 20% only provides evidence that it remains an effective centrally planned economy rather than indicating economic vigour. (Please refer to the Platinum Asia Fund Quarterly Report on page 12 for more China discussion). The danger is that investors remain too focused on the train wreck of Western world markets and miss secular bull market moves in parts of the emerging world. We will continue to monitor China and the emerging world closely as a large part of our Japanese cyclical/export exposure is dependent on this long-term growth story remaining intact.

Since inception the Platinum Japan Fund has returned 15% pa versus a 1.6% pa fall in the MSCI Japan Index. We have demonstrated an ability to make money in both up and down markets.

PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Brands Fund declined in value by 4.5% in the quarter compared with a decline in the MSCI World Index of 10.4%. Over twelve months the Fund has fallen 12% while the benchmark declined 25.2%. The major detractors from performance have been the Fund's European holdings along with several Japanese investments.

The cash position of the Fund has been increasing during the quarter with the sale of holdings in Japanese stocks including the gaming companies Namco Bandai and Sony. Accordingly, the Fund's weighting towards Japan has declined from 15% to 10%.

The short interest positions held by the Fund have declined from 11% to 7%. The Fund continues with several short positions where the incongruence of relative valuations together with rising operational pressures suggest that even in a strong market rally these short positions will not be unduly expensive to maintain.

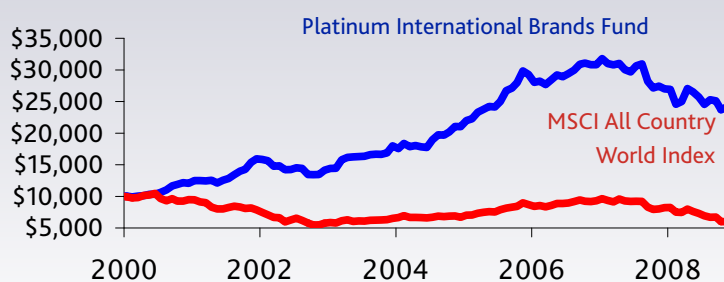
The short position in Reckitt Benckiser is being maintained, this was discussed in greater depth in the previous report. Less successful for the quarter has been the short position in Amazon which for the moment continues to defy its lofty valuations and participate in the recent rally.

DISPOSITION OF ASSETS

REGION	MAR 2009	DEC 2008
EUROPE	34%	37%
ASIA	22%	22%
JAPAN	10%	15%
NORTH AMERICA	6%	6%
SOUTH AMERICA	4%	2%
CASH	24%	18%
SHORTS	7%	11%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 18 MAY 2000 TO 31 MARCH 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

COMMENTARY

The headlines will continue to be of concern detailing the pressure of rising unemployment and the extent to which governments will go to defer or lessen the impact of the decline in economic activity. Branded goods companies and those associated with any degree of consumer discretionary spend are, perhaps rather obviously, being treated with a great deal of circumspection. Those that also carry a disproportionate amount of debt, especially if it needs refinancing, are subject to further scepticism.

The Brands Fund quarterly reports have for many years decried the over consumption and indebtedness of Western consumers, however, this has been in the context of the stock prices and our concerns over the sustainability of earnings. Given the decline in the market values of companies, the focus of both corporate management and market participants is now very much on the sustainability of earnings.

The volatility in the market will likely continue as participants grapple with obvious imbalances and contradictions. Interest rate reductions and the recapitalisation of the banking system do not necessarily lead to or ensure that consumers will maintain their prodigal spending, as the Japanese economy has shown over many years. The levels of indebtedness in the West and rising unemployment suggest a more frugal period ahead, or at least one of rebuilding the household balance sheet.

Many valuations of consumer stocks are reflecting these concerns with commentary on whether the consumer can or will sustain past levels of consumption.

Yet as an example of the contradictions, new vehicle sales in parts of Europe have shown significant increases. Registrations in Germany were up an outstanding 40% in March as government incentives of Eu2500 per vehicle, matched at times by the manufacturers, are used to scrap older vehicles in favour of more environmentally efficient vehicles. France has had a similar scheme with good effect. Clearly one can question the sustainability of these programs, however, in the meantime the auto stocks

are responding. BMW for example is up 50% from its recent lows.

The Brands' Fund has had good success investing with a view to the operational strength and potential of a company's brands and where earnings are suppressed for transient reasons. The market's preferred shortcut measure, the P/E ratio, doesn't obviously highlight these companies. To commit to such investments does of course require a degree of patience and confidence that the earnings potential will be realised and ultimately be recognised by the market.

One example, the Hong Kong based jeweller Luk Fook, has over 440 retail outlets, predominantly in Hong Kong and mainland China. The stock has fallen to a valuation of less than book value and the company has negligible debt. The majority of the company's balance sheet is inventory, comprising gold and gems suggesting that there is little in the valuation for the earnings potential of this retail chain over the longer term. At 3.5x current earnings and a dividend yield of more than 8% it will be interesting to follow.

Another example of the Brands' Fund strategy is seen in Thailand, one of the few countries where Pepsi has the dominant market share position over Coke. Serm Suk is the Pepsi appointed franchisee for Thailand and generated 2008 revenues of US\$550mn. The company is profitable despite the new product launch program and relatively high levels of expenditure to upgrade factories and warehouses. The market value of the company is quoted at less than US\$70mn and that's without taking into consideration the US\$30mn of cash on the balance sheet which supports a dividend yield of close to 10%. The Pepsi franchisee in the Philippines has also been added to the Fund at an attractive valuation and good dividend yield.

Certainly there are plenty of risks associated with these smaller companies and they form only a minor part of the portfolio, however, they serve to illustrate the opportunities when share prices have declined by 60% or more. Substantially larger companies such as Henkel or Adidas have suffered share price declines of 50% yet are also undertaking activities that will improve earnings over the longer term.

OUTLOOK

There are two areas of focus for the Fund in the near term; firstly, the valuations on offer for companies in Europe and secondly the potential for consumer companies to grow their businesses in Asia. The team recently visited several branded goods companies in India and were able to gain first hand a sense of the confidence that the management teams have in their businesses. The contrasting outlook and imbalances between the Eastern and Western consumer markets will likely see the Fund add to investments in India and more generally across Asia.

PLATINUM INTERNATIONAL HEALTH CARE FUND



Bianca Elzinger
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 31 March 2009)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM INT'L HEALTH CARE FUND	-3%	-8%	-9%	-1%	0%
MSCI HEALTH CARE INDEX	-10%	2%	-7%	1%	1%

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

The Platinum International Health Care Fund declined 2.6% in the quarter compared to a decline of 9.7% for the MSCI Index. For the year, the Fund lost 8.3% while the Index advanced almost 2%.

During this quarter discussion of proposed changes to the US health care system had investors worried. There is an acute awareness in Government, the industry and the market that health care costs have to be reduced and money needs to be drawn from somewhere to implement universal healthcare coverage. Details on how this will be achieved are still scarce but it is clear that corporate profits will be harder to generate than in the past. For example, there will be no market for a fifth cardiovascular stent or another cholesterol lowering drug when the same efficacy and safety profile are already available from a cheap generic version.

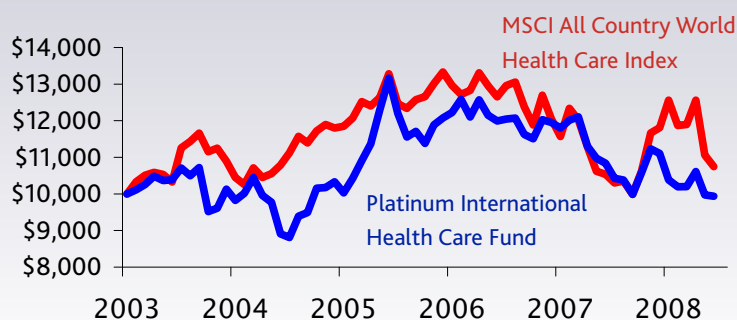
DISPOSITION OF ASSETS

REGION	MAR 2009	DEC 2008
NORTH AMERICA	39%	39%
EUROPE	27%	28%
JAPAN	2%	2%
CASH	32%	31%
SHORTS	4%	5%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION

10 NOVEMBER 2003 TO 31 MARCH 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

Companies will need to respond to such changes and they have already started this work. The trend so far is reflected in more acquisitions along with geographical and product diversification. Pharma, biotech and medtech are all busy shopping or analysing available opportunities. Several of our biotech holdings are considered good targets. For example, this quarter Crucell, the last independent vaccine maker, attracted a bid from Wyeth, although negotiations fell apart after Pfizer bid for Wyeth. We continue to like and hold Crucell for many reasons. It is now profitable with a solid cash position allowing it to progress its pipeline.

Big pharma consolidation is back, despite its dismal track record. As previously mentioned, Pfizer is pursuing Wyeth for its vaccine and biologics expertise. The Swiss pharma Roche is buying 100% ownership of its long-term biotech partner Genentech. The US pharma Merck, which is new to the large pharma takeover game, will acquire its cardiovascular partner Schering Plough, who itself, recently purchased Organon (pharma arm of Dutch chemical company AkzoNobel).

The motivation behind each of these transactions does differ. Where size was once a major determinant, the factors to be considered are now more complex. The Pfizer/Wyeth combination raises alarm bells for investors as it looks likely to repeat old mistakes. As is often the case but rarely achieved, huge potential cost savings are at the forefront of justification for the acquisition. Both companies have similar patent issues occurring at the same time. We're concerned by the less than convincing R&D track record of both and it isn't likely to be Pfizer's last acquisition either.

In the case of Roche, its acquisition is about having full control over Genentech's remarkable oncology (biologics) franchise and the very strong cash flow that goes with it. How Roche will maintain the "science" culture of Genentech remains to be seen and an argument can be made that the deal was mostly driven by financial modelling.

The Merck-Schering-Plough combination is one to watch closely. It did disappoint some that Merck has not stuck by its philosophy to avoid large acquisitions. To take a balanced view, this transaction is not just about cost cuts or size. It is also about sales growth and launching new products. Both companies have been through several years of internal clean up, their patent expiration schedules do not overlap nor do their disease areas or pipelines. Schering Plough is an interesting company, its joint venture with Merck and the consequent doubling of exposure was a reason we have not previously owned it, but we do see value and opportunity in this pharma combination.

In the health care landscape consolidation will continue, as will the political chatter. Our concerns focus on the cash balances of biotechs and the possibility that deals may not materialise soon enough. Thus we will continue to trim our positions along the way. We will be adding to companies that are profitable and have a pipeline of drugs or devices the market isn't recognising. Further, we like the idea of follow on biologics and are looking to increase our exposure in this area.

PLATINUM INTERNATIONAL TECHNOLOGY FUND



Alex Barbi
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 31 March 2009)

	QUARTER	1 YR	3 YRS	5 YRS SINCE INCEPTION
PLATINUM INT'L TECH FUND	2%	-1%	-5%	1%
MSCI IT INDEX	3%	-14%	-12%	-3%

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

The Fund's value increased by nearly 2% during the quarter, compared to an increase of 2.7% for the MSCI Information Technology (A\$) Index for the same period. Conversely the tech-heavy Nasdaq was down nearly 3% in US\$ and declined 1.1% in A\$.

Over twelve months the Fund has recorded a slightly negative performance (-0.5%) but substantially outperformed both the MSCI Information Technology (A\$) Index (-14%) and Nasdaq measured in A\$ terms (-11%).

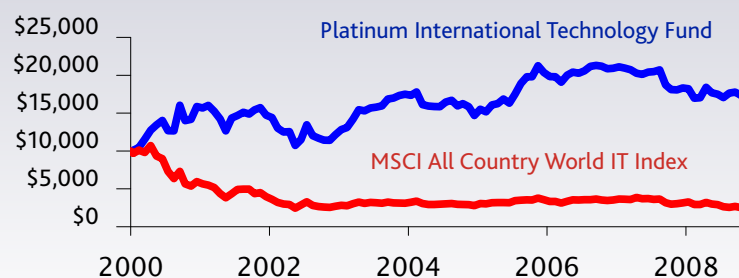
The Fund has reduced its position in telecom operators and media companies to 16% after benefiting from their relatively defensive performance in 2008. Telecom equipment and data networking stocks (wireless, broadband, storage and networking) increased to 18% of the Fund: within this category a strong performance was recorded by companies benefiting from the massive capital expenditure plan program for 3d generation mobile telephony in China (ZTE and Comba).

DISPOSITION OF ASSETS

REGION	MAR 2009	DEC 2008
ASIA	28%	26%
NORTH AMERICA	23%	20%
EUROPE	16%	20%
JAPAN	9%	11%
CASH	24%	23%
SHORTS	6%	3%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 18 MAY 2000 TO 31 MARCH 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

Software and IT services slightly increased to 11.8% with the Fund adding to selected small capitalisation Japanese companies. In semiconductors we have taken a fairly opportunistic view that the industry is going through a short-term inventory re-build after the collapse of late 2008-early 2009 and we maintain a moderate exposure (6.1%) through Samsung, TSMC and Micron.

We have also introduced a more significant exposure (4.5%) to US and Chinese internet and games companies with attractive long-term growth prospects.

The Fund's largest individual positions are:

IDS Scheer (software publisher and IT service provider), Amdocs (market leader in billing software and operating support systems for tier-1 telecom and Pay-Tv operators), Comba Telecom Systems (telecommunications network components), Microsoft (the global software giant), Cisco Systems (the global leader in data networking and advanced video technologies) and China Communication Services (telecommunications support services).

At quarter end the Fund was 76% invested with a 6% short position on selected US and Japanese stocks for a total 70% net exposure.



COMMENTARY

Smartphones

The Fund has invested in High Tech Computer (HTC) of Taiwan as the best play on the “smartphones” theme.

To some extent the mobile phones industry is now increasingly like the PC industry of twenty years ago with a proliferation of brands, software and hardware platforms but with consumers unable to fully utilise their handset capabilities.

A decade ago mobile phones were simply used to make phone calls. Looks, plus a friendly user interface determined a brand's success. Later simple functions like ringtones, address book, SMS, games etc were added to stimulate usage and as elements of differentiation. The “accessoriesation” process has now gone to such an extreme that today many high-end phones have become a sort of Swiss-knife version of a compact electronic device: they include MP3 music players, multiple cameras, FM radio, internet access, satellite navigation, email, touch screen etc. The multitude of functions and increased complexity has effectively transformed many mobile phones into small computers with their own processing power, operating systems and software applications. Hence their categorisation as smartphones. It is estimated that around 180 million phones (or 15% of global units sold) were smartphones in 2008, growing by 15% year-on-year.

Despite the increased complexity, manufacturers are finding it difficult to differentiate their products with hardware or form factor (shell, slide, flip, twist etc) and software is likely to become the most important factor in the future. This was the key to the early success of Microsoft: a solid operating system with widespread adoption among third-party software developers which guaranteed market leadership. The recent success of the Apple's iPhone was in fact facilitated by the large number of applications (games the most popular ones) being offered by independent software developers and easily available at the Apple's App Store for subscribers to download.

We have never been fans of Taiwanese companies trying to penetrate global markets by selling products under their own brand (previous experiences suggest this is not an easy task). HTC, however, has stepped up to the challenge of developing smartphones with a very interesting strategy which puts a lot of emphasis on rapid software/hardware integration. Traditionally HTC had been an Original Design Manufacturer for Personal Device Assistants (PDAs) based on Windows Mobile software, but more recently it has also teamed up with Google to integrate their Android operating system into a smartphone (code-named G1). In fact HTC devoted a team of 200 engineers exclusively to the task for several months!

In late 2008, German owned operator T-Mobile, in the US was the first to order and launch the Google G-1 supplied by HTC. Since then the phone has also been rolled across most European markets. Other operators are also taking notice: AT&T will likely take two or three models from HTC in 2009 (versus only one last year). Other models are also said to be designed for Verizon and Sprint. In the US carriers are in fact finding in HTC phones a valid alternative to the Apple's iPhone and filling the gaps left by a fading Motorola (it seems yesterday when we were celebrating the innovative Motorola's Razor!).

Enter the phone carriers. With new entrants like Apple and Google disrupting the mobile phone industry, telecom service providers fear that they may lose their grip on subscribers if they allow them to freely download applications from the Internet or even worse, bypass them altogether by using Skype on their mobile phones. So they are rushing to take counter-measures in order to provide an "in-house" alternative offer. Only a week ago Verizon Wireless of the US joined Vodafone of the UK, China Mobile and Japan's Softbank in a research project to develop software-based services for handsets (these four operators have a combined subscribers' base of more than 800 million users).

Without having an established brand or operating system to defend, HTC is in fact astutely playing this new strategic tension between telecom operators, handset manufacturers and software publishers by offering telecom operators either a branded or a "private-label" phone, based on an open system platform which can be customised to their requirements.

We are well aware of the transient nature of leadership in the handsets market, but we think HTC is sitting in the right spot at the right time in this stage of development in the phones industry. We find it attractively valued at 11x P/E, with a 6.5% dividend yield, a solid balance sheet and double digit medium term earning growth.





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. 8 (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.

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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 \$14 billion, with approximately 10% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders.

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

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