The Platinum Trust® Quarterly Report

31 March 2011

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 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

Platinum® ASSET MANAGEMENT

Contents

Performance Returns to 31 March 2011

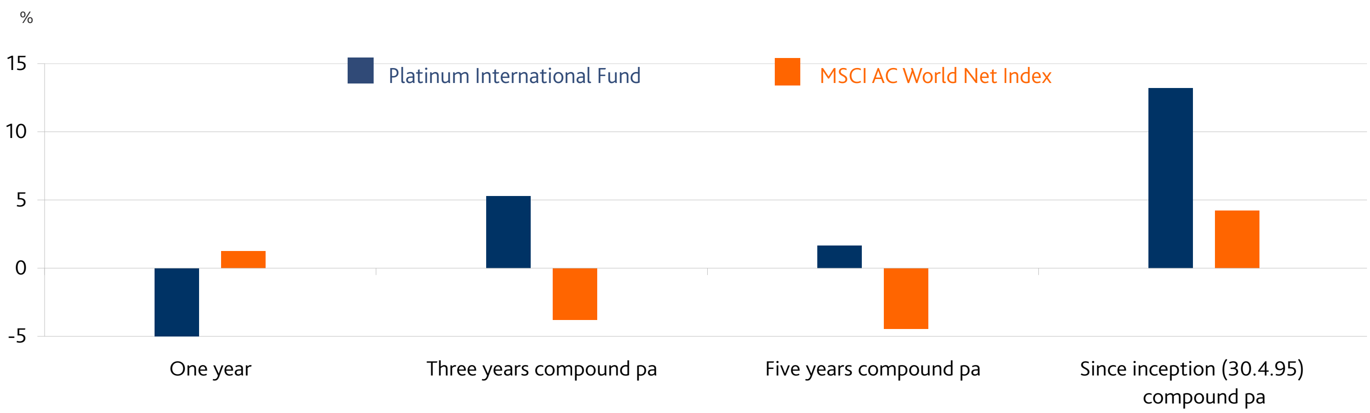
FUND	PORTFOLIO VALUE	QUARTER	1 YEAR	2 YEARS *COMPOUND PA*	3 YEARS *COMPOUND PA*	5 YEARS *COMPOUND PA*	SINCE INCEPTION *COMPOUND PA*
International Fund	**$9,302m**	**1.1%**	**-5.0%**	**8.2%**	**5.3%**	**1.7%**	**13.2%**
MSCI AC* World Net Index		3.5%	1.3%	9.2%	-3.8%	-4.4%	4.2%
Unhedged Fund	**$170m**	**1.8%**	**4.5%**	**20.5%**	**8.1%**	**4.4%**	**10.2%**
MSCI AC World Net Index		3.5%	1.3%	9.2%	-3.8%	-4.4%	0.8%
Asia Fund	**$3,704m**	**-3.4%**	**1.0%**	**15.9%**	**4.2%**	**5.9%**	**18.6%**
MSCI AC Asia ex Japan Net Index		0.3%	6.1%	17.9%	0.8%	3.2%	11.4%
European Fund	**$167m**	**4.5%**	**11.4%**	**27.4%**	**6.8%**	**2.5%**	**11.6%**
MSCI AC Europe Net Index		5.8%	0.4%	9.6%	-8.0%	-5.2%	-0.7%
Japan Fund	**$404m**	**0.2%**	**-5.5%**	**3.7%**	**6.8%**	**-4.2%**	**13.3%**
MSCI Japan Net Index		-5.8%	-10.0%	-3.1%	-7.5%	-11.5%	-1.9%
International Brands Fund	**$616m**	**-0.6%**	**11.8%**	**26.0%**	**11.8%**	**5.2%**	**13.2%**
MSCI AC World Net Index		3.5%	1.3%	9.2%	-3.8%	-4.4%	-3.0%
International Health Care Fund	**$21m**	**5.4%**	**2.8%**	**11.5%**	**4.4%**	**-1.3%**	**2.9%**
MSCI AC World Health Care Net Index		3.6%	-6.4%	-2.1%	-0.7%	-5.0%	0.4%
International Technology Fund	**$42m**	**0.6%**	**-3.3%**	**11.8%**	**7.6%**	**1.1%**	**7.7%**
MSCI AC World IT Net Index		0.9%	-2.6%	8.5%	0.4%	-4.0%	-10.3%

* Morgan Stanley Capital International All Country

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

Platinum International Fund Versus MSCI AC World Net Index

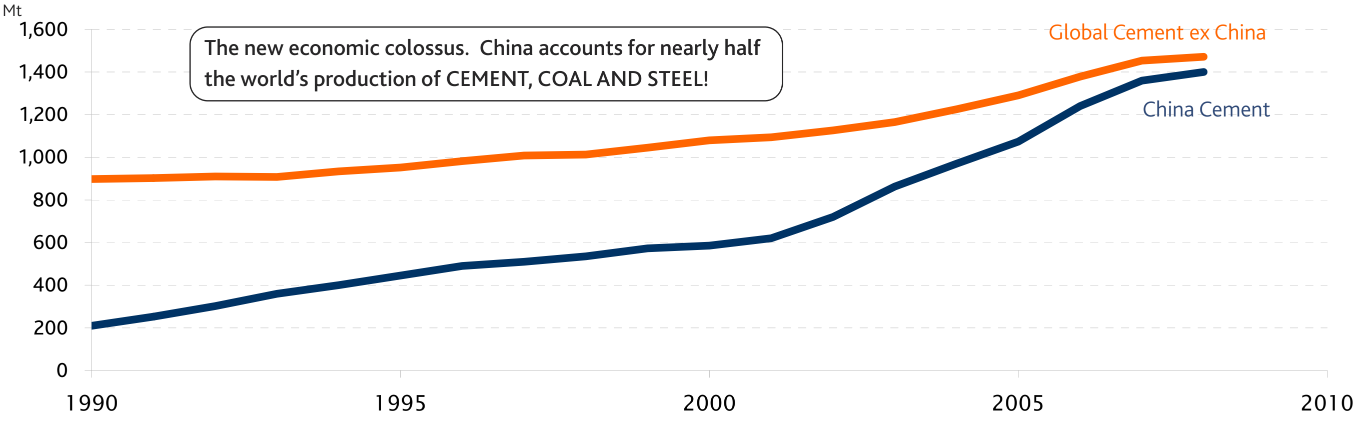
To 31 March 2011



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

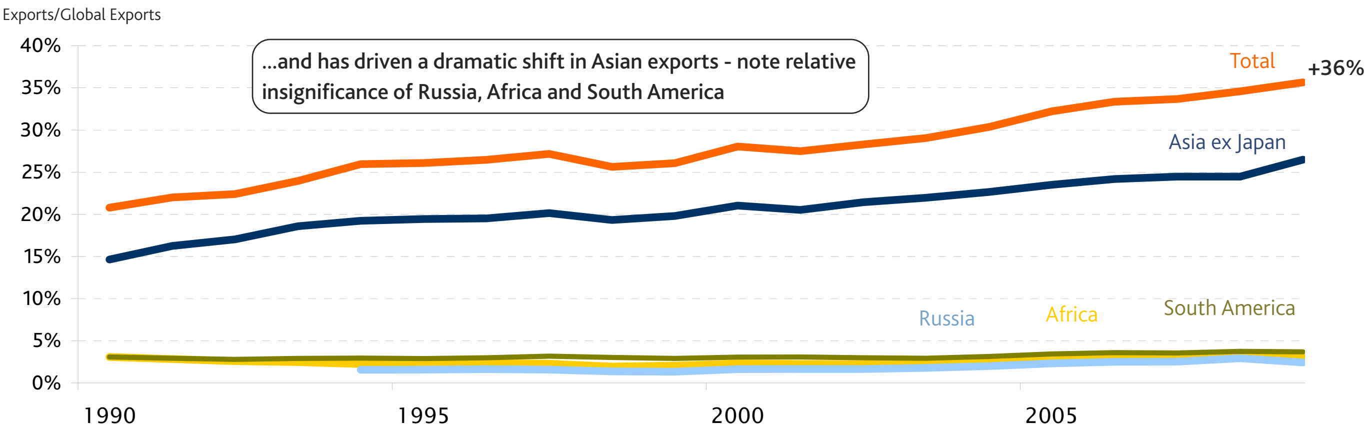
Market Panorama

Cement Production



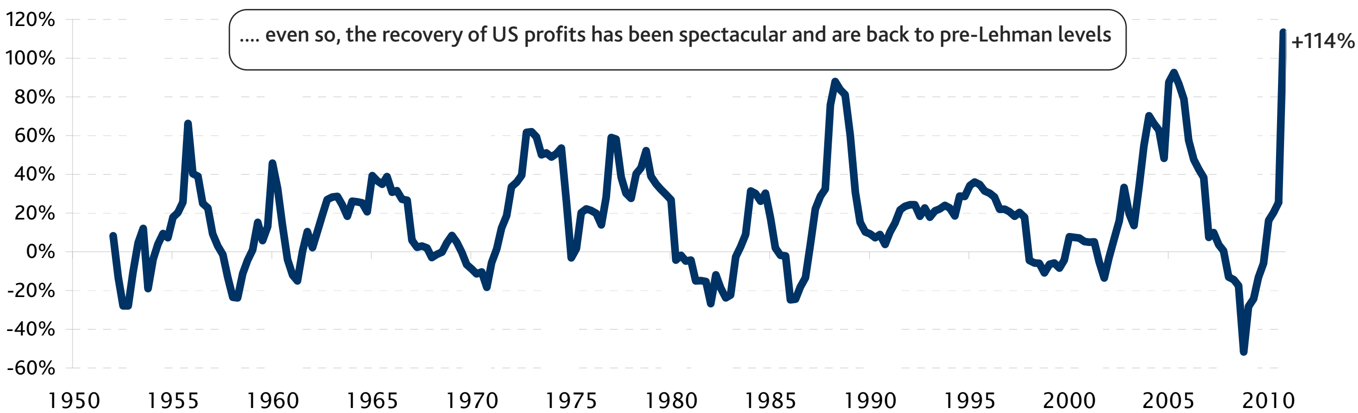
Source: UBS

Emerging Market Share of Global Exports



Source: WTO

US Corporate Net Profit (two year change)



Source: Ned Davis Research

Platinum International Fund

Kerr Neilson Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
Europe	27%	27%
North America	25%	24%
Asia and Other	19%	21%
Japan	18%	20%
Australia	1%	0%
Cash	10%	8%
Shorts	13%	15%

Source: Platinum

MSCI World Index Sector Performance (AUD)

SECTOR	QUARTER	1 YEAR
Energy	13%	14%
Industrials	5%	7%
Telecommunications	5%	7%
Healthcare	4%	-6%
Financials	3%	-6%
Materials	2%	7%
Consumer Discretionary	1%	6%
Information Technology	1%	-3%
Utilities	0%	-7%
Consumer Staples	0%	-1%

Source: MSCI

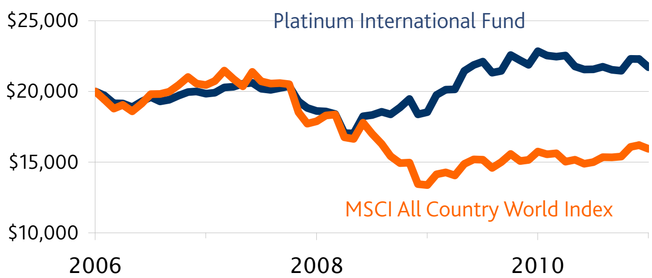
Performance

The quarter was marked by some quite remarkable events, most notably the civil unrest that toppled regimes in North Africa and is looking to threaten others. There was also more pressure on the structure of the European community as the crushing burden of debt on the periphery tested the political resolve of the centre. Then came the massive earthquake off the East Coast of Japan that wrought physical havoc compounded by a huge tsunami that has left an estimated 27,000 people dead or missing. A tragedy of immense proportions that has been further exacerbated by nuclear leaks and contamination, still to be remedied, but which leaves the country deficient in electrical generating capacity and hence rolling power-shedding arrangements.

Within Asia, the cost of locking into US monetary policy via tightly managed exchange rates revealed itself. While these economies have evident strong endogenous growth drivers, their refusal to allow their currencies to appreciate is exposing them to the full brunt of tight commodity supplies which is being reflected directly in the rising cost of food and energy. Though inflation is being targeted via interest rates and some tacit price controls, they are hostage to their currency management policy but in the meantime have been trying to slow growth to ameliorate the threat.

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

For all these reverses, came the good news of economic expansion in the leading developed economies to the extent that some members of the US Federal Reserve system were proposing an early exit from quantitative easing and preparing for interest rate rises.

Against this background, the stock markets, led by the developed world, rose in aggregate though some Asian markets were down for the quarter, among them India, Japan, Taiwan and Hong Kong. By industry, there was still a pro-growth bias in the leading sectors but the differences were less stark than in preceding quarters with the likes of healthcare, financials and telcos keeping pace with the average. For the quarter the MSCI World Index rose by 3.5% and is now up by 1.3% for the year in terms of Australian dollars.

The Fund continues to lag principally because of our heavy exposure to defensive sectors like healthcare (Johnson & Johnson, Merck) and to specific IT stocks like Microsoft and Cisco which are being classified as cheap but ex-growth (selling at a fraction of previous valuations). The Fund declined in aggregate by 5% over the year and returned 1.1% for the quarter. (For more commentary on Japan post the earthquake and tsumani, please refer to the Platinum Japan Fund quarterly report on page 22 and 23).

Our attribution analysis suggests that for the year we made around 7% on the longs in native currencies but that currency translation into AUD cost us about 7% and our shorts cost 4.8%. In geographic terms, stock picking in Europe and Japan led to strong outperformance but it was the reverse in the US and in Asia, where India and China were weak.

For all our disappointment with this last year's performance, we do wish to remind investors that the Fund is above its pre-Lehman levels which is very rare among global funds available in Australia.

Currencies

Nearer the end of the quarter we sensed a gradual change in sentiment towards the Asian currencies and shifted our exposures from the US dollar towards Asia.

Though the Australian dollar has been strong in bilateral terms versus the US dollar, for the last three months it has actually lagged behind the Euro and some Asian currencies. When setting our position we focus as much on the cross rates as the bilateral rate USD/AUD and regard, for example, the Canadian dollar and the Norwegian krone as interesting alternative commodity currencies to the AUD. As we have mentioned before, we see the AUD as a proxy on world growth and have been reluctant to heavily hedge back into the AUD preferring to favour other currencies like the Canadian dollar, Norwegian krone and selected Asian currencies as more diverse growth proxies.

We must, however, acknowledge that the AUD has been a lot stronger than we had anticipated. Though it may be volatile, we suspect the pre-emptive interest action by the Reserve Bank and the fact that the savings rate has been increasing, will give support to the currency for some while yet in a world of poor choices.

At present we have 24% exposure to Asian currencies (ex the Hong Kong dollar, which we see for the moment as a US dollar proxy), 24% in European currencies (ex the Norwegian krone), 19% in the US dollar, 15% in the Australian dollar, 12% combined in the Norwegian krone and Canadian dollar, and 5% in the Hong Kong dollar. We hold virtually no Yen which we believe is now entering a weakening phase on account of the crises and Bank of Japan (BOJ) stimulation, among other things.

Shorting

We continued to shift our exposures away from the pro-cyclical shorts taking advantage of the market retracement in March and have cut the shorts in India, Hong Kong and Korea. The current short position is 13%.

Changes to the Portfolio

To complement our existing oil exposure we added the Canadian-based oil producer, **Nexen**. This company, formerly Occidental Canada, has built a business via several extremely bold bets that have elevated it into being a mid-tier player but also more recently, earned the ire of investors when another huge leap into a Canadian tar sands development fell well short of expectations. Its market capitalisation is around $13 billion with net debt being offset by investment in saleable investment like Syncrude. For this we get the product of capital expenditure and development spending of some $16 billion over the last five years that gives us a resource base of perhaps 12 billion barrels.

The main producing asset is the Buzzard oil field in the North Sea that provides about half of production and much of the cashflow. Other assets include expiring oil production in Yemen (with some prospects of licence renewal); the Long Lake project in Alberta which together with its 72,000 barrels per day upgrader is running at half design capacity; valuable tight gas acreage in the Horn River basin in British Colombia; the Usan development in Nigeria with Total; and a 20% interest in Shell's top priority prospect in the Gulf of Mexico. This relative minnow in a global sense is participating with the majors and has built a wide technology and resource platform for the next decade to exploit.

We do not dispute the company's predilection for the 'big hit' but we are attracted to the magnitude and location of its reserves and the prospect of production growing from about 220,000 barrels of oil equivalent (boe) per day at present, to about 290,000 boe per day by 2013. Nominally it is on a standard type of industry rating but at a point of its development spending cycle that should see considerable cash generation and hopefully falling operational risks. New management since 2009 are very focused on bringing the large leaps of the last decade to economic harvest.

We have long held positions in gold shares in the belief that governments find it almost irresistible to dishonour their obligation to preserve the purchasing power of money. The bigger miners have faced the twin challenges of fast rising production costs and the need to replace their gold reserves. With this in mind we have been switching Newmont into **Newcrest**. The latter's attraction is the extraordinary find in Papua New Guinea which looks like turning into a major copper-gold mine able to produce as much as one million ounces of gold a year and over 400 thousand tonnes of copper pa. The latest exploration hole of 628 metres at 3.06 g/t gold and 2.82% copper should provide high grade initial feed to the mill and allows one to dream of what might be found in the next drill hole! Importantly this 50/50 joint venture project is unlikely to be producing before 2016 but for a gold miner with an existing profile of rising production it adds both huge additional reserves and arguably reduced risk on account of the rich bimetallic nature of the ore bodies.

Among the financials, we have sold our holding of Prudential, which proved a good investment having been bought when it was under a cloud during its saga to acquire the Asian interests of AIG, to enter **Deutsche Börse** (DB). The exchanges are in the midst of globalising and DB is attempting to merge with the New York Stock Exchange. However, the Nasdaq and IntercontinentalExchange (ICE) have come out with a higher bid. Though it is not certain that the merger will be voted down, even if it does fail, the inherent business of DB with its stranglehold on derivative trading in key products and integrated clearing leaves us with a sound business (see extensive coverage of this idea in the European Fund Quarterly Report on page 16).

Historically growth was augmented by the introduction of electronic exchanges and then by the introduction of highly successful products like the "Euro Stoxx 50 Equity Index" and the winning over of the German bund contracts from London. Apart from volatility returning to the markets as interest rates normalise and subsequently drive volumes, there are additional prospects of growth from the regulator's desire to shift over-the-counter (OTC) derivatives onto exchanges from which we will gain clearing fees. It is possible that DB may eventually have to pay up to ensure the merger goes ahead but the probable cost relative to a longer term unassailable position looks satisfactory at current prices.

Commentary

As noted in the introduction, the markets are defying pretty much all bad news. Government stimulus spending that augments the increased savings in the private sector in the developed markets (DMs) is working for now and confidence is returning patchily.

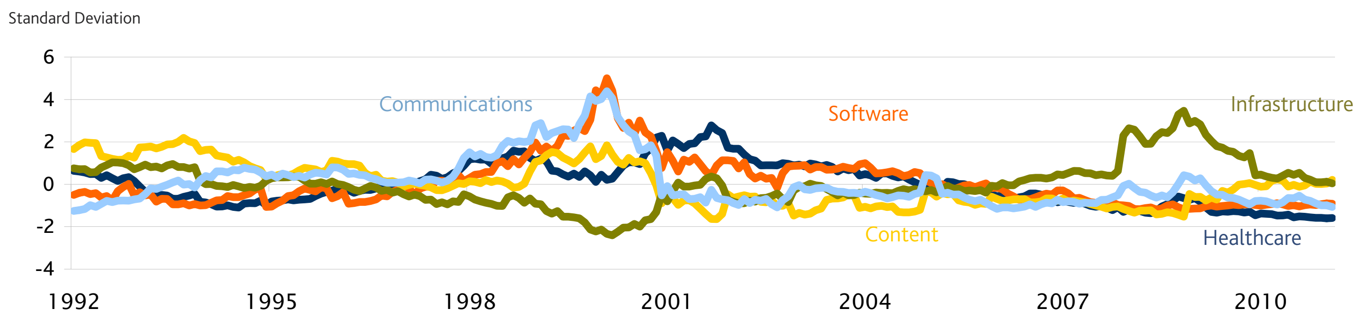
Earnings visibility has been the hallmark of the winning sectors. They have benefited from unusual earnings leverage associated with the recovery, strong investment demand in the emerging markets (EMs) and the sustained benefit from off-shore sourcing. Growth in the EMs barely missed a beat, and if one chooses to ignore the financial devastation in the West, the principal result of the Lehman shock was to suspend many important projects that were either under consideration or development. There has been a consequent surge of activity, particularly in the EMs, in an attempt to catch-up with burgeoning demand for raw materials. As we have noted often, current exchange rates do not properly reflect the physical significance of these economies and can cause one to underestimate their contribution to world growth. In the last 10 years for example, the BRICS (Brazil, Russia, India and China) have grown in aggregate by over 10% pa, other developing and emerging markets at 8.5% pa and the G7 by 3.6% pa. According to International Monetary Fund estimates, world GDP in *purchasing parity terms* amounts to about $74 trillion of which the BRICs account for $18 trillion, other emerging economies $17 trillion and the G7 only $29 trillion (39%).

Scale is best understood in physical output where for example China today is producing some 1.7 billion tonnes of cement, 660 million tonnes of steel and about 3.6 billion tonnes of coal. For context, this represents nearly half of total *world production*! Further, China is using more cement per head of population than the former world champ, Korea, at 1.3 tonnes per head per year. By way of context, for all its tectonic challenges, Japan only ever managed to consume 600kg of cement per capita pa and the US typically uses about 80 million tonnes pa.

These gigantic numbers do of course raise issues of how China is to eventually wean itself off an economy so skewed to investment (45% of resource flows). In the near term this may not be a problem given the government's desire to build some 30 million units of low-cost housing over the next three years which will certainly compensate for the clamp-down on the luxury-end of the property market. It does, however, point to longer term issues. Right now, strong investment in the EMs is the inherent propellant of the recovery in the DMs together, of course, with government transfer payments and suppressed interest rates.

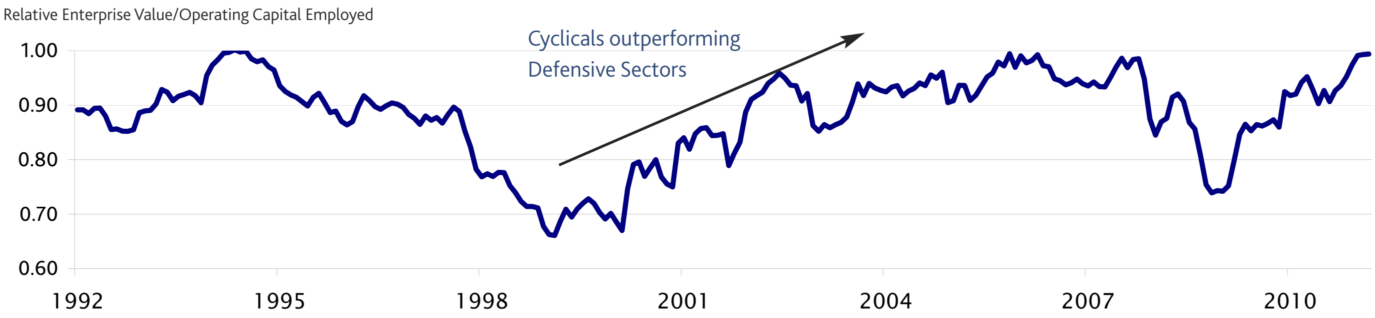
It is this cognitive dissonance that has imprisoned our thinking in dealing with the *world as it appears*, and that which *is*. For some, it is not whether these conflicting forces can co-exist, but when they break. A concoction of recent years is the so-called targeting of inflation rates by the Central Banks. Even with these seemingly iron clad obligations it is interesting that the Bank of England have chosen for the third consecutive

Defensive Sectors - Relative Global Enterprise Value/Operating Capital Employed



Source: Factset

Global Cyclical versus Defensive Sectors*



Source: Factset

* The chart represents a ratio of the cost of operating capital of global cyclicals to the cost of operating capital of global defensives i.e. the price we pay for the productive assets of cyclicals relative to the price we pay for the productive assets of defensives. The chart is at a 20 year high suggesting that we are paying more for the assets of cyclicals (relative to defensives) than we have in the past. In short, cyclicals are relatively expensive.

year to delay tightening on argument that under-utilised resources should ensure that inflation does not become endemic. Importantly, pricing, structural biases, the arbitrary increase of money way in excess of the physical economy and rational expectations are seemingly deemed unworthy of mention when forming these policies – inflation in the UK is running at about 4.5% pa!

Work by numerous economists point to the instability inherent in huge government borrowing requirements when they exceed a tipping point (expressed as a theoretical percentage of debt to revenues or GDP) and **the implicit dead end that comes from prolonged tampering with the yield curve**. Without this context, we may seem somewhat club-footed in managing your money. On the one hand we are trying to participate in the lively party but do not wish to be intoxicated by the hilarity.

When examining the relative merits of industries and stocks, our proprietary research shows that sectors such as infrastructure, healthcare and software are trading by as much as 1.5 standard deviations below their historic averages (see chart on page 7 and glossary on page 34). By the same measure, industrials, process industries, autos and materials are between 2.2 and 1.3 standard deviations above their respective historic means. This obviously doesn't give timing indications but when one sees that these sectors have moved from very depressed levels to relatively elevated levels over a 10 year span, one is reassured of the benefits of avoiding the crowd.

The Fund is predominantly in these more defensive sectors that have the added virtue of being more inflation protected. We also have areas of strong growth such as social networking sites and gaming as well as some exposure to cyclicals where we believe there is a longer term structural imbalance.

Conclusion

The stock markets are now entering their third year of recovery. Earnings momentum for sectors such as the industrials, materials and energy will see progressively slower advances. The hitherto neglected sectors of healthcare, technology and utilities may by comparison appear less stodgy. Starting with low valuations and typically better placed in a more inflationary environment, specific companies in these areas can be expected to gain favour. In reality, the portfolio is built-up one stock at a time and this is an on-going process that we believe will reveal itself in coming months.

Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
North America	31%	29%
Japan	28%	30%
Asia and Other	18%	23%
Europe	14%	13%
Cash	9%	5%

Source: Platinum

Portfolio Position

Changes in the quarterly portfolio composition:

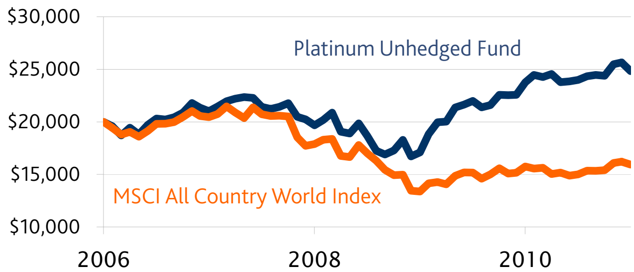
Sector Breakdown

SECTOR	MAR 2011	DEC 2010
Commodity	15%	7%
Emerging Asia Consumption	14%	18%
Consumer Cyclical	13%	9%
Japanese Domestic	11%	14%
Technology	10%	12%
Healthcare	9%	6%
Gold	9%	11%
Mobile Data	5%	9%
Capital Equipment	3%	5%
Other	2%	4%
Gross Long	91%	95%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

Performance and Changes to the Portfolio

Over the last 12 months the Fund rose 4.5%, outperforming the MSCI All Country World Index (AUD) benchmark by 3.2% and over the past quarter the Fund rose 1.8%, underperforming the benchmark by 1.7%. Given the 30% exposure the Fund had to Japan pre the earthquake, the result could have been worse. Our Japanese holdings in aggregate were down 0.8% in Australian dollar terms versus a market down 5.8% i.e. the Japanese market underperformed the global benchmark by 9.3%.

Whilst the Fund has marginally outperformed over the last year, over the last nine months it has been tracking just below what has been a relatively buoyant global market. The Developed World Index continued last quarter's outperformance over the Emerging Market Index.

On the back of the teams recent work, we added some new investments, including:

- Gilead Sciences (see the Platinum International Healthcare Fund December 2010 Quarterly Report for a full explanation of the investment case).
- Buzzi Unicem (see the current Platinum European Fund Quarterly Report on page 16).
- Nexen (see the current Platinum International Fund Quarterly Report on page 4).
- Showa Shell Sekiyu (see below).

The last two stocks account for the majority of the increase in the commodity exposure. We adjudged that these new ideas were more attractive than some of our existing investments. Sold investments included stocks that had run ahead of themselves rather than being overtly expensive and included Henderson Land, Kubota and Nitto Denko. Also in early March, as the Topix Index approached 1,000 for the third time in three years, we felt it timely to take profits on some of our Japanese domestic holdings and the majority of this 3% reduction was completed pre the quake. Whilst over the quarter there was a small decline in our Japan exposure from 30% to 28%, our exposure to exporters rose from 16% to 17%. We think this appropriate given the Yen has now likely entered a phase of structural weakness.

Whilst all these changes may imply a degree of hyperactivity on the part of the portfolio manager, we should point out that the Fund has received inflows that have necessitated a more active re-ranking of the opportunity set – and we wish to maintain a tight portfolio (our stock count increased slightly from 63 to 65).

Specifically, on our purchase of Showa Shell Sekiyu, this is Shell and Aramco's Japanese refinery asset and the repository of Shell's global solar technology (which started serious development over 15 years ago). The company recently took us through their detailed targets for the thin film solar business which is in the process of ramping production at a new 1GW plant. If these targets are met, they will have built a business that can produce panels at a relatively small cost disadvantage to the current industry leader, First Solar. The company's roadmap is to have 3GW of thin-film production by 2015 with the next two plants built outside Japan. At 1.3x book, PE 11x (with global refinery margins expanding and the Japanese industry having undergone capacity reduction), we think we are getting the solar business for free. Clearly the bet we are taking is not without technology risk, however, we think this is warranted given the potential upside return. The stock has performed in the short-term much better than we expected as the events at Fukushima have put the focus back on solar as truly a "green" alternative energy.

Commentary and Outlook

We completed two trips for the quarter; China and Japan. Whilst the current contrasts were palpable, one cannot help but think that China's current development is just a large scale version of what all the North Asian economies have done; mercantilism morphing into a construction/infrastructure boom, but finding it difficult to quite reach a truly well-balanced economy. In China we started in Guangzhou, travelling north to the industrial heartland city of Changsha, then due west to the Central Government controlled administrative city of Chongqing and finishing in Chengdu. The goal of the trip was to gain a better understanding of how the recent investment splurge had been spent and given that the Western corridor was allocated a disproportionate share of this splurge, this is where we focused the trip. For our sins, we also forced ourselves to attend a China "policy" conference.

In short, the urban/transport infrastructure is world class i.e. it makes most Western cities look decidedly run-down and there were no obvious bottlenecks. In fact, there is growing evidence of an over-build; the Chinese version of Japanese bridges to nowhere comes to mind (or possibly as residents of a city short on infrastructure, we are just easily impressed, and do not get the 'vision' thing). The banks we visited are clearly being directed to lend to provincial government infrastructure projects and not necessarily because they make commercial sense.

The impression from our meetings with Chinese corporates was the further we moved inland, the more brazen the ambition became – growth, growth and more growth. However, there was also an obvious thirst for better production technology as both labour costs and higher customer demands begin to take effect.

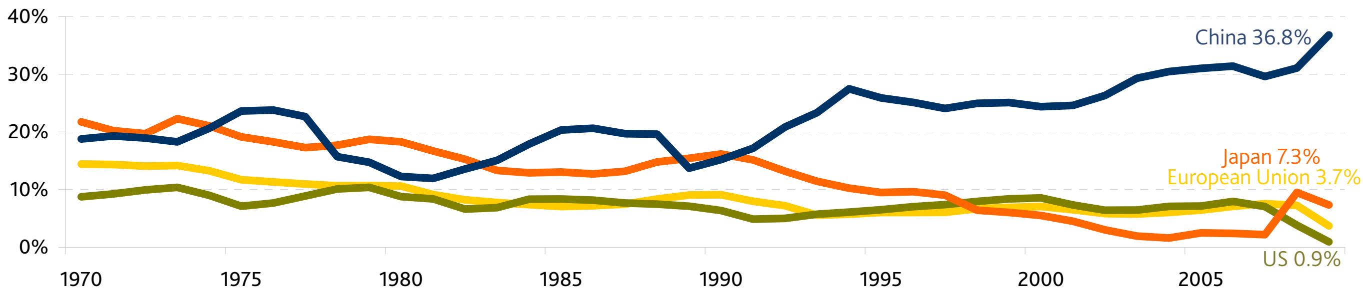
At the policy conference there was recognition that China needs to change its export-focused model. This is probably due to a combination of: firstly, a realisation that they have grown too big, and secondly, the now obvious structural weakness of the US. However, as the old model worked so well for so long, there is a reluctance to turn their back on it (e.g. any attempt to discuss the exchange rate was a non-starter but they were very happy to discuss the need for the US to balance its budget). The old formula 'feels safe' and while they know they need to change something, they are unclear on what and how to engineer this change. One thing they are very clear on is that the process will be closely managed; the "locals" have tremendous faith in the wisdom of government officials and a distrust of the market mechanism (and the "Global Financial Crisis" reinforced this).

This confusion on what and how to change came through in various agenda items: income disparity, land shortages, need for a cheap rental market in housing, agricultural reform, tax reform, move to a research and development based economy. In each case, the discussion was not so much about finding a market solution as creating a 'culprit' and having the government come to the rescue e.g. property developers on issues of land shortage and the lack of a rental market. There was frustration from some of the audience with one participant saying publically that these same officials had been coming to this conference for years talking about reform in these same areas with little progress.

Discussion of the Federal Reserve's Quantitative Easing 2 (QE2) also received a lot of airtime. Our sense was that the Chinese feel they are at a point where they have to make a difficult transition and are trying to muddle through it with minimal disruption. In this context they see QE2 as a sinister move designed to hit them when they are vulnerable. The idea that QE2 could actually create jobs in the US is laughable to them (they are not half bad at identifying flaws in the policies of others). From the American commentators at the conference, there was little questioning of whether QE2 was necessary or would create jobs. Instead it was defended on the grounds that it is domestic policy and thus noone else's business; a patriotic defence rather than an economic one (raising taxes to balance the budget was not an option).

At some point, unless the two super powers find some mutually beneficial accommodation, it will be difficult for Western world households and governments to de-lever without further hollowing-out of their economies (see the Net Investment to GDP chart below).

Net Investment to GDP



Source: Factset

Platinum Asia Fund

Andrew Clifford Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
China (Listed PRC)	7%	6%
China (Listed Ex PRC)	18%	18%
Hong Kong	3%	3%
Taiwan	7%	6%
Greater China total	**35%**	**33%**
Korea	19%	18%
Thailand	12%	9%
India	10%	11%
Malaysia	5%	5%
Singapore	5%	5%
Philippines	3%	3%
Indonesia	3%	2%
Vietnam	1%	1%
US/Canada	1%	1%
Cash	6%	12%
Shorts	13%	9%

Source: Platinum

Performance

Performance (compound pa, to 31 March 2011)

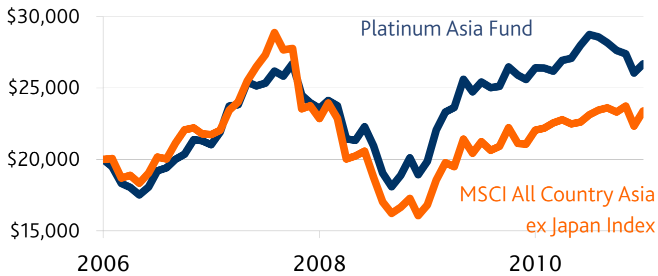
	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	-3%	1%	4%	6%	19%
MSCI AC Asia ex Jp Index	0%	6%	1%	3%	11%

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

Early in the quarter regional markets fell away over concerns that China would need to tighten policy to deal with rising inflationary issues. Toward the end of the period some softer economic data resulted in these fears receding and the markets making a sharp recovery to end relatively flat both in local currency and Australian dollar terms. India was the stand out market falling almost 5% as investors dealt with rising interest rates and concerns created by a number of government related scandals.

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

Poor performances from a number of the bigger holdings in China and India were behind the Fund's underperformance of the market in the current quarter. Companies such as Guangzhou Auto (Chinese auto producer, -12%) and China Mobile (mobile phone network, -7%) are typical of current market behaviour where any slowing in earnings growth in the short-term has been punished in spite of the longer term picture remaining promising. In India our property related names performed poorly as interest rates continued to rise, and in one case allegations of fraudulent behaviour in relation to the awarding of mobile phone licenses weighed on the company's stock price. Our view in each case is that these companies remain promising investments and the patient investor will be well-rewarded for holding on. Bangkok Bank (+17%), the Fund's largest holding is a good illustration of the reward for patience, where a resumption in loan growth has continue to drive earnings and the stock price higher. Short positions in the portfolio detracted approximately 0.5% from performance during the quarter.

Changes to the Portfolio

PTT Chemical, a Thai producer of ethylene, was added to the portfolio. Ethylene is the key intermediate material required to make polyethylene, a product which is subsequently used in making a variety of plastics products such as plastic bags and containers. Global oversupply of ethylene has seen prices suppressed relative to the naptha feedstock used by most producers. Naptha is a product of the oil refining process and the price typically follows the crude oil price. We expect that over the next 2 to 3 years ongoing growth for ethylene will reduce the oversupply and that margins over naptha will return to trend levels. Some producers of ethylene such as PTT Chemical use gas as a feedstock and currently have a significant advantage over naptha based producers; one that increases as the oil price rises relative to their gas feedstock price.

Otherwise, the weakness in the stock prices was used to add to existing holdings such as China Mobile, Unitech (an Indian property developer) and Taiwan Fertiliser (both a fertiliser producer and property developer). The reduction in cash was approximately offset by an increase in short positions on the Korean Kospi Index and the H Share Index in Hong Kong.

Commentary

A number of indicators emerging towards the end of the quarter have hinted at a little steam coming out of the Chinese economy. Sales of new residential properties have fallen by as much as 50% from the levels of late 2010[1] and average selling prices are down in the order of 15%. These falls have been in direct response to new measures put in place this year to cool the property market[2]. As properties are almost entirely pre-sold before construction, the fall-off in sales if maintained will quickly result in a tailing off in residential construction activity. Elsewhere, the growth in auto sales has continued to trend down in recent months; the March purchasing managers survey fell to levels last seen in late 2009 and generally the upward pressure on food and other prices appears to have abated, at least for the moment. Anecdotal evidence also points to a tightening in the availability of credit from the banks which suggests that policy makers have indeed been hitting the brakes a little harder than otherwise understood.

Starting midway through March, the markets greeted this basket of "softer economic data" by moving stocks prices across the region sharply higher. The logic being that if the various measures that have been put in place to deal with China's inflationary issues have been successful, then one need no longer worry about further interest rate hikes and the like, and indeed one can start to anticipate the unwinding of efforts to slow China's economy. In other words, we are back to the races, and that may well be the case for the moment.

[1] In part there are seasonal factors at work around Chinese New Year but nevertheless this fall in volume is significant.

[2] New measures include restrictions on the number of properties that can be owned, increases in deposit requirements for buyers, and taxes on properties sold within five years of purchase.

It appears to us, however, that China's problems are not so easily solved. For starters there is mounting evidence that the labour market has tightened significantly. For over a year manufacturers in the coastal provinces have complained about the difficulty in hiring new workers and rising wage rates. One contact we spoke to recently when researching China's agricultural sector claimed that in rural areas only 5% of the population was between 20 and 35 years of age, suggesting that the rural to urban migration will continue to slow. Of course rising wages are not, per se, a bad thing provided they are driven by productivity improvements, though it is unlikely that this is currently the case.

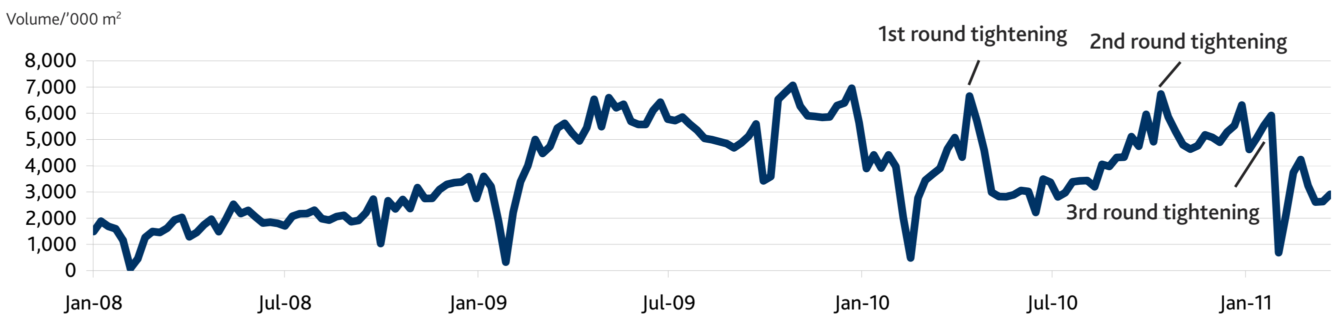
A further pressure point for China has been rising commodity prices. If China's growth has been slowing in recent weeks or months it is difficult to observe in commodity markets with many commodities, both hard and soft, not far from recent highs. Other factors beside demand drive these markets; the oil price response to tensions in the Middle East being a case in point. But if we accept the case that China has slowed to some degree and is now set to reaccelerate, then the case for even higher commodity prices can be made. While one might debate what impact a significantly higher oil price might have on China, it is probably more obvious what it will do to China's export markets in the West.

China's policy approach during this cycle has differed markedly from the previous brush with inflation in 2007. While on both occasions there has been some strengthening of the currency against the US dollar, it has clearly been at a slower rate than in 2007/08 and indeed it has depreciated against other major currencies. At the time of writing, the People's Bank of China had increased interest rates a further 0.25%, taking the total lift in rates to 1.00%, but in comparison with the previous cycle they have been much slower to act. For whatever reason, this cycle policy makers have preferred to rely more heavily on administrative measures such as loan quotas for the banks and restrictions on the property market than in the past.

As noted earlier, for the moment this approach appears to be working. However, there tends to be flaws with the administrative approach which gives us little confidence that the inflation problem has been dealt with. For example, the recent restrictions on the property market are the third set of measures that have been put in place in the last 12 months. Having had some success with this approach in 2007, it has not been as effective this time as potential buyers have worked out the pattern. Once the market has a set back it is time to buy, which they will do once they work out a way around the rules (see chart below). A similar example occurred in the banking system last year where loan quotas encouraged banks to set-up off balance sheet entities so they could continue to lend as they pleased. Then there are conflicting policies such as the massive investment in public housing that is planned which may suppress residential prices but will only add further pressure on building material prices.

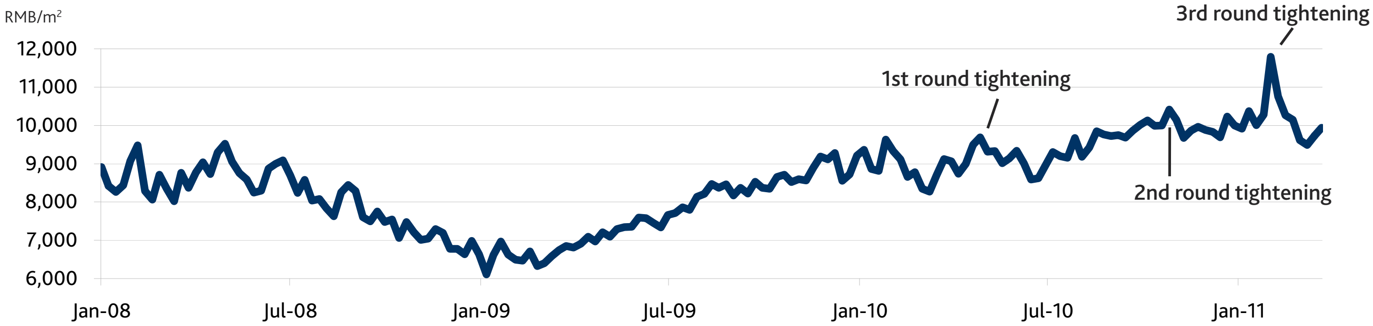
At the end of the day, if depositors can only get 3% for a bank deposit while observing prices rising steadily at a higher rate, they have a strong incentive to consume now and save less. It is this simple mechanism that will ultimately drive inflation higher in China. If policymakers do not take a firmer course of action it is hard to see how inflationary pressures will not return, although the time period in which this will occur is difficult to assess.

Volume Sales of New Residential Properties Across 35 Major Chinese Cities



Source: Deutsche Bank

Average Selling Price for New Residential Properties Across 35 Major Chinese Cities



Source: Deutsche Bank

Outlook

The accepted wisdom is that inflation is "bad" for equities; a position which is hard to argue against. If inflation is perceived to have moved to a permanently higher level, the discount (or interest) rate which investors use to value companies will rise resulting in lower share prices[3]. Inflation ultimately will discourage savings and investment, and thus ultimately impact the long-term growth of an economy and company profits.

However, in practice the situation is more complicated. Over the last year Chinese shares (listed in both Shanghai and Hong Kong) have been the weakest performers in the region. We can observe and indeed own companies that are trading at valuations that are very low relative to their history. To some extent the markets may have already adjusted for higher levels of inflation. Then there is the fact there will be winners and losers from inflation and indeed there has been significant divergence of performance in Chinese stocks recently. Even fairly obvious approaches such as buying commodity producers may not have worked as price controls have been put in place for some commodities. Ultimately the greatest difficulty is in assessing the path Chinese policy makers will take. If there is a change in heart and more draconian measures are taken to deal with inflation then we will be in an environment of slowing growth and inflation protected plays may not be where one wants to be invested.

Meanwhile, the rest of the region which typically has more flexible exchange rate regimes and exhibited a greater willingness to put up interest rates, have outperformed over the past year. Nevertheless these markets remain very sensitive to China's growth prospects as can be seen in the early parts of the quarter as they sold-off in the face of fears that China would tighten further. If such fears return, a similar sell-off across the region should be expected.

[3] This can be the case even if actual interest rates are held artificially low by Central Banks.

Platinum European Fund

Clay Smolinski Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
Australia	1%	1%
Belgium	3%	3%
Finland	2%	3%
France	22%	25%
Germany	45%	42%
Italy	4%	2%
Netherlands	2%	1%
Sweden	2%	2%
Switzerland	1%	1%
UK	10%	11%
US	3%	2%
Cash	5%	7%
Shorts	0%	4%

Source: Platinum

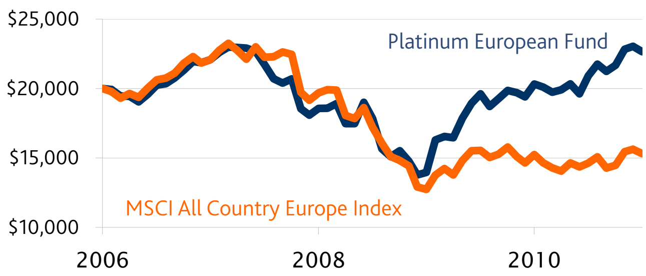
Performance

The prevailing trend of outperformance by stocks linked to the Asian growth theme was reversed in the first quarter. Continued worries about inflation at home and in the East, the oil price and turmoil in the Middle East, and Japan, provided the flashpoints for investors to take a more defensive position.

The standout performers for the quarter were those on the opposite side of the worries, namely, the interest rate sensitive stocks and beneficiaries of a higher oil price. Insurance was the best performing sector in Europe (Legal & General +20%, AXA +20%, Allianz +13%) as hawkish statements from both the European Central Bank and Bank of England triggered a sharp rise in short-term interest rates (the yield on two year German government bonds more than doubled from 0.8% in January to 1.8% by the end of March). Unsurprisingly the oil and oil services stocks were strong amongst worries around supply disruptions from the Middle East (seismic player CGG Veritas +12%, Statoil +10%) whilst the renewable energy sector was seen as the winner from the political rethink of the role of nuclear generation going forward (SMA solar +29%, polysilicon producer Wacker Chemie +21%, Renewable Energy Corp +10%).

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

The Euro strengthened against all its major currency pairs; +9% versus the Yen, +6% versus the US dollar and +4% versus the Australian dollar. The currency position of the Fund is relatively unchanged at 54% Euro, 13% Australian dollar, 11% British pound, 11% US dollar and 8% Norwegian krone.

In Australian dollar terms, over the last three months the Fund returned 4.5% slightly trailing the MSCI Europe index which returned 5.8% over the same period.

Commentary

As we write, the newly announced counter bid by Nasdaq (IT Index) and IntercontinentalExchange (ICE) for the New York Stock Exchange (NYSE) Euronext (disturbing the latter's proposed merger with Germany's Deutsche Börse) means we now have no less than ten securities exchanges currently involved in merger and acquisition proceedings. The sector of course is no stranger to consolidation, the latest wave a continuation of trends seen through 2006-2007 which saw Euronext fall to the NYSE, Nasdaq purchase Scandinavia's OMX and the Chicago Mercantile Exchange buy both the CBOT (Chicago Board of Trade) and NYMEX (New York Mercantile Exchange).

The primary trends behind this thirst for consolidation are:

1. The significant market share gains by new entrant high speed/low cost electronic equity trading platforms since deregulation of cash equity trading in the early 2000s.
2. The relative attractiveness of higher growth/higher profit derivative trading businesses.
3. Post the Global Financial Crisis, the desire of regulators to bring over-the-counter (OTC) derivatives 'on exchange' and for these instruments to be centrally cleared.

In a European context, the implementation of MiFID (Markets in Financial Instruments Directive) in 2007 opened the door to new entrants to offer alternative platforms for the trading of cash equities. New technology-focused competitors like Chi-X gained meaningful market share, offering a service that was '10x faster and 10x cheaper', triggering both a wave of heavy catch up IT spending by the majors and a price war – trade fees now sit 60% below their 2006 level. Interestingly, despite being the most successful in attracting trade volume (Chi-X holds 21% and 30% of the DAX (German Index) and FTSE (UK Index) trading volume respectively versus 70% and 55% for Xetra (Frankfurt Exchange) and the LSE (London Stock Exchange)), the market share gains are now levelling out and Chi-X is still barely profitable. This alludes that the exchanges have seen out the worst in their cash equities businesses, but given ongoing competition and low growth in equity trade volumes, future actions will be more about acquiring further scale and cutting costs. The exchanges have to focus elsewhere for growth. That focus is derivatives.

Unlike one's ability to buy and sell a listed stock on several exchanges, say transacting in Tesco on the LSE or Chi-X, a futures contract on the DAX can only be opened, cleared and closed through the Eurex platform owned by Deutsche Börse. This is due to **derivative securities operating in 'vertical silos'**, namely the promoter of the derivative contract has control of where that contract is **traded and cleared**. This system provides the established players two major competitive advantages – a pool of liquidity and to a lesser extent the benefits of cross margining at the clearing level[1] making it very difficult to establish competing products. Unless regulators force the break-up of the vertical silo system[2], the prospect of little competition and strong profitability in derivatives looks set to continue.

[1] 1. Liquidity - once a contract has attracted a deep pool of buyers and sellers it is extremely difficult to convince market participants to use your initially highly illiquid 'copycat' contract no matter how attractive your fee schedule. 2. Margin netting at the clearing level – when you open a derivative contract you must also post a sum of cash (or other collateral) that acts as a first buffer to loss should your position move against you. This is a risk control procedure called margining. Broker dealers when dealing with one clearing house need only to post margin for the net, rather than gross risk position of their account i.e. equal but opposite positions held by clients (one opening a long DAX index future, the other selling short the same DAX future) offset each other and do not need to carry margin. If users start splitting their trade volume across two competing contracts (and clearing houses) they will forego this netting benefit, and essentially have to post two sets of margin increasing the capital required to do business.

[2] The discussion of how this may happen through 'interoperability' and the linkages of clearing houses is another essay in itself. Essentially we have explored this in detail and given the difficulty of implementation, the risks involved and the practical time horizon even if it were implemented, we are willing to look through this for the moment.

Adding to the appeal of derivatives is the growth prospect from the regulatory push to put OTC derivatives on exchange. The opportunity for the exchanges is not in the electronic trading fees of the OTC derivatives (this is expected to be captured by the broker dealers) but in the provision of clearing services through their clearing houses. Those that can offer scale (from a margin netting perspective) and common products (i.e. those already clearing on-exchange interest rate products have an advantage clearing OTC interest rate products) will have the advantage in attracting OTC clearing volumes and this is being evidenced by the moves of the exchanges as they jostle for position. (NYSE's LIFFE derivative business which controls the short-term European interest rate futures is seen as a beachhead in going for the OTC interest rate products – and hence the battle between Deutsche Börse and the ICE to win its hand in marriage).

Given the activity, how can we make money from all of this? For us, the standalone business of Deutsche Börse holds many attractions; 47% of profit is linked to our Eurex derivatives business which aside from operating Europe's largest clearing house, controls the on-exchange futures and options for two product groups – European equity indexes (Eurostoxx, DAX and Swiss Index) and German interest rates (the 2 year, 5 year and 10 year bonds). Pre-crisis growth at Eurex has been running at >20% pa for much of the last decade, and while growth will inevitably slow from those levels, on a longer term view there is no reason why we should not see a return to +10% growth rates. This will be assisted by winning clearing business and the boost to volumes as high frequency traders become more active in the futures markets. Another 34% of profit originates from Clearstream, which is involved in **asset custody and account administration** after a trade is settled. The bulk of Clearstream's profits come from its International Central Securities Depository (ICSD) which facilitates cross border financial transactions and operates in a global duopoly with Euroclear. The bulk of Clearstream's revenue is linked to a percentage of assets under custody (mostly Eurobonds) and the interest earned on its float – giving it a positive link to higher inflation and a big profit kicker on higher short-term interest rates.

The proposed merger with NYSE Euronext provides a twist to the investment case; if consummated Deutsche Börse will dominate the European derivatives market giving it both ends of the interest rate curve, leading scale in clearing and putting it in excellent standing to win OTC clearing business. If NYSE's derivative business (LIFFE) falls to the ICE we will be left with a good but reasonably equally matched competitor. It is not evident that our position will be marginalised should our deal fail. Ultimately, in the near-term, as shareholders we run the risk of being caught in a bidding war but with the recent share price fall, this is starting to be discounted in the price given a starting valuation of 11x earnings. The quality of the underlying business and the longer term prospect of growth make Deutsche Börse a worthwhile investment.

Portfolio Changes

Changes for the quarter included taking a 3% position in the previously discussed Deutsche Börse and replacing our position in French building materials player **St-Gobain** (after a good run) with Italian cement producer **Buzzi Unicem**. The markets focus on Buzzi's cement exposure in the US and Italy had seen the stock get very cheap (0.6x book, enterprise value per tonne - €70 versus new build cost of €90 and €300 p/t in Russia and the US respectively) despite the remainder of their capacity being in quite attractive markets (Germany, Russia and Poland). Given that cement consumption in the US is back at levels seen in 1985 and Italian cement prices had fallen below cash costs of production, it was hard to see how things could get much worse and the subsequent improvement in expectations around US cement demand has seen the stock rally 20% versus our entry price two months ago.

Elsewhere we took a position in Dutch nutrition and specialty chemical producer **DSM** and added to our holdings in **Infineon**, **PPR**, **Pernod** and **Daimler** during the Japanese earthquake induced sell-off. To fund these purchases we exited some of our smaller holdings that have done very well for the Fund, namely **BP**, engineering laser manufacturer **Rofin-Sinar**, satellite operator **SES** and textile machinery player **Rieter**.

Outlook

There have been a lot of excuses for European markets to sell-off over the last three months, but aside from a sharp drop and rebound in sympathy with Japan, the trend has been fairly robust. Trends across countries remain mixed. The strength of Germany rolls on while the hands of the policy makers of those in weaker positions are starting to be pushed; the UK faces rate hikes to counter persistently high inflation whilst dealing with higher taxes and public sector job cuts to ease the budget deficit.

The next step for markets is difficult to read. Europe and the US have undoubtedly benefited from the recent shift of sentiment away from the emerging markets, however, giving us confidence is that there is no real sense that markets are frothy with optimism. There are still many examples where the companies are more positive on the prospects for their businesses than investors and we are still finding new opportunities to invest.

Platinum Japan Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
Japan	89%	98%
Korea	1%	5%
Cash	10%	-3%
Shorts	14%	15%

The Fund also has a 10% short position in Japanese Government Bonds.

Source: Platinum

Portfolio Position

Changes in the quarterly long portfolio composition:

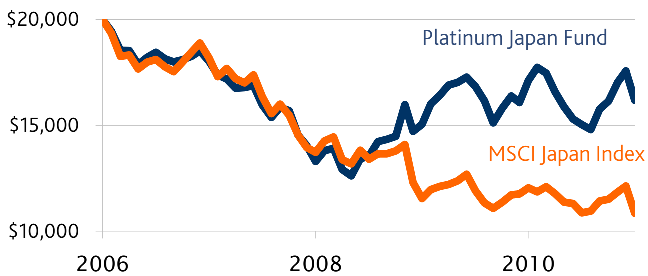
Sector Breakdown

SECTOR	MAR 2011	DEC 2010
DOMESTIC	41%	54%
Financials	12%	19%
Retail and Services	6%	14%
Telco, IT and Internet	10%	13%
Real Estate and Construction	13%	8%
EXPORT	49%	49%
Tech/Capital Equipment	12%	18%
Commodities	14%	12%
Autos and Machinery	13%	12%
Alternative Energy	10%	7%
Gross Long	90%	103%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

Performance

Over the past 12 months the Fund fell 5.5%, outperforming the MSCI Japan Index (AUD) benchmark by 4.5% and over the past quarter the Fund was flat, outperforming the benchmark by 6%. For the quarter the benchmark fell 5.8% in Australian dollar terms and 2.8% in Yen terms.

From the outset, we should put the recent geophysical events in perspective: the 9.0 magnitude earthquake that hit Japan's Tohoku region on Friday, 11 March represents one of the most powerful known earthquakes to have hit Japan and one of the five most powerful earthquakes in the world since modern record-keeping began in 1900. Similar to the 2004 Indian Ocean earthquake and tsunami (estimated +225,000 lives lost), the damage from surging water, though much more localised, was far more deadly and destructive than the actual quake.

Tohoku's toll (both human, +12,000 confirmed dead and +15,000 missing, and physical) was greatest in the Iwate, Miyagi, Fukushima and Ibaraki prefectures. This region accounts for 6-7% of the Japanese economy. Whilst there are inevitable comparisons being made to the January 1995 Kobe quake (Great Hanshin magnitude 7.3, impacting the Hyogo and Osaka prefectures, areas of similar economic importance), there are also some major differences and we address these in the Outlook section at the end of this report. Given this backdrop, unsurprisingly it has been a volatile quarter for Japanese equities.

Changes to the Portfolio

Fortunately, as the Topix approached 1,000 for the third time in as many years, we started to sell some of the relatively more expensive positions (including Credit Saison, T&D and Mitsubishi UFJ Financial call options, Nitto Denko, Kubota and Murata) such that we cut gross long exposure from 103.5% at beginning of the quarter to 92.2% by the end of February, just before the quake struck. Though the stocks sold were not overly expensive, we had learnt the hard way that it pays to book profits when prices are tending to run ahead of the story. In terms of overall portfolio composition, the reduction in gross exposure was concentrated in our domestic holdings, which has proven fortuitous as post-quake Yen weakness has supported the outperformance of exporters.

We had no exposure to the power utilities damaged by the earthquake as we have always viewed the sector as overvalued due to high gearing, low growth and challenged profitability.

Long Positions

We wrote a year ago after returning from a visit to Japan and South Korea that given the cheapness of the Korean won and the entrepreneurship demonstrated by Korean management, it made no sense to descend down the quality spectrum in Japan to second tier exporters/industrial conglomerates. We returned to Japan in February to visit companies, arriving back the week before the earthquake struck. In contrast with a year ago, there are now more signs that Yen strength, combined with the competitive threat posed by China, South Korea, Taiwan, et al, is forcing long overdue Japanese conglomerate restructuring. An example of one such stirring giant would be Hitachi. The first signs of reform and greater operational focus emerged in 2009 with the sale of the plasma display factory to Showa Shell Sekiyu (incidentally, it is now used to produce thin film solar cells). This was followed in 2010 by a scaling back of the LCD business and reduction of their investment in Renesas Electronics Corp, a company which was created via the 2001 merger of Hitachi and Mitsubishi Electric's semiconductor businesses, and subsequent 2010 merger with NEC Electronics. The reform news has continued with the March 2011 announced sale of the hard disk drive (HDD) business to Western Digital and merger of the hydroelectric power generation businesses of Hitachi, Mitsubishi Electric and Mitsubishi Heavy Industries. The HDD sale is significant as Hitachi bulked-up in 2003 by acquiring IBM's HDD business but have decided to sell, at what we believe is a favourable price, rather than tie-up capital in a market with questionable growth prospects. We are encouraged by the company's increasing focus on the core business (IT solutions and social infrastructure). Turning this battleship will take time and the market is unlikely to quickly forgive past sins. However, with the Yen finally looking as if it has entered a phase of structural weakness, some of these second tier industrials are looking more enticing, especially if we can see a globally relevant thematic hook.

Along these lines, major new investments included: Showa Shell Sekiyu (see the Platinum Unhedged Fund Quarterly Report on page 9) and Sumitomo Electric Industries. The case for Sumitomo Electric Industries is a simple one: the company has built a leading global position in auto wire harnesses with a 25%

share by winning over key original equipment manufacturers such as Hyundai Motors and VW – this is not that Yen sensitive as plants are located in low-cost labour zones close to auto production and represent only a third of sales. Company-wide margins and return on capital employed (RoCE) are on target to reach the 2006 high which is impressive given the other two-thirds of sales (power and telecommunications cables, optical components, specialised materials) are much more Yen sensitive. The company is focused on lifting the profitability of the less dominant businesses and does not seem wedded to the weaker businesses that are detracting from overall profitability. In terms of valuation, we are paying 0.9x book, PE 11x, for a business that has had a poor 10 year average RoCE of only 7%, which seems to have lifted this to around 14% today. That alone would be insufficient reason to own the stock; where the story becomes more interesting is that the trend towards car electrification, where a full electric vehicle has 2-5x more wire harness content than the equivalent internal combustion vehicle, places the stock on the cusp of higher growth trajectory that isn't factored into the valuation.

Short Positions

No significant changes.

Currency

In keeping with our view that the Yen is overvalued, we cut our exposure from 39% to 37%; whilst on the Tuesday after the earthquake struck the Yen spiked to an all time high against the US dollar of 77 as investors feared offshore capital repatriation (to fund rebuilding efforts). This remained short lived with the currency weakening to 83 by quarter end. Whilst the headline reason for the currency weakness was the coordinated G7 intervention, the longer-term reasons for a trend reversal discussed in previous quarterlies may also be in play. At least for the quarter our currency allocation added an estimated 2% to performance.

Commentary and Outlook

Following the 1995 Kobe Earthquake, economic activity rebounded relatively quickly with industrial production back to its pre-quake level within two months. The direct economic cost of the quake was estimated at ¥10 trillion - ¥15 trillion (2.0-2.5% of GDP) and the government responded with three supplementary budgets totalling ¥3.2 trillion. The Tohoku quake released approximately 355x more energy[1] than Kobe with a tsunami spreading its destructive reach much wider, damaging power plants, and with the situation further complicated by the unresolved Fukushima nuclear incident, the economic impact will be somewhat more drawn out than Kobe with a slower rebound in industrial production, exports, tourism and consumer spending.

For those interested in understanding more about the nuclear situation we would direct you to our website – http://www.platinum.com.au/images/market-update_15032011.pdf

The power situation is exacerbated by the existence of two separate East and West grids with a difference in frequency making interconnection problematic (this dates back to 1886 when East Japan installed German equipment and West Japan, General Electric equipment). The 87GW Eastern grid has sustained significant damage: 7.0GW of nuclear capacity was shut for maintenance prior to the quake and an additional 9.6GW of nuclear and 15.5GW of thermal capacity was either shut-down because of, or was damaged by, the quake. Adding all that up and West Japan has operating capacity of only 55GW versus average peak demand of 60GW and a typical summer spike in peak demand to 70GW i.e. it is short peak demand of 15GW (the Western grid has approximately 22GW in spare capacity but frustratingly this can't be accessed).

1 Magnitude helps to measure the amount of seismic energy released by an earthquake. The first stage is to calculate the shaking amplitude, which is m in the equation M = 10m. This means that a M5 earthquake shakes 10 times more than an M4 one. The second stage is to calculate the energy release, which raise 10m to the power of 3/2. So the energy release in an earthquake with m=4 is e = (104)3/2 = 106. The Hanshin quake was M7.3, and the Tohoku quake was estimated at M9.0. Therefore, the ratio of energy released by the Tohoku quake to that of the Hanshin quake was (10 9.0) 3/2 / (10 7.3)3/2 = 10 13.50 – 10.95 = 355 times greater. See http://earthquake.usgs.gov/learn/topics/measure.php

Clearly, Japan is facing some tough decisions:

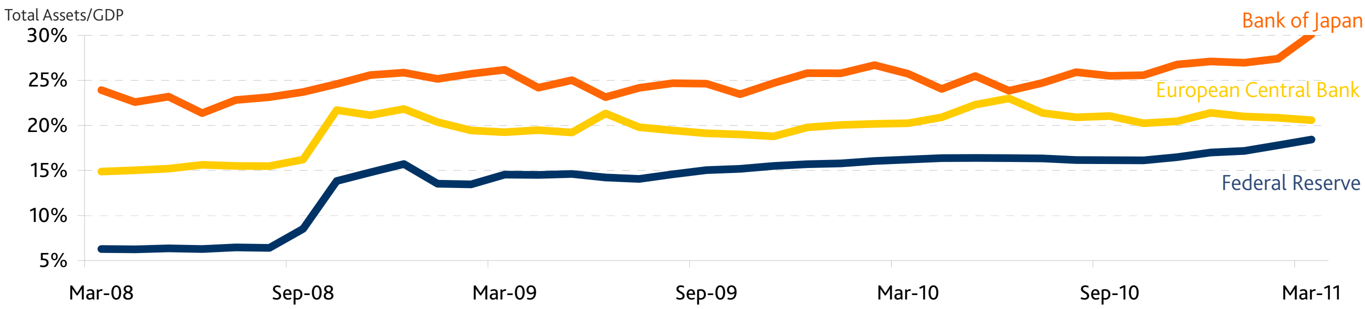
- As a mercantilist nation, one assumes that METI (Ministry of Economy, Trade and Industry) will favour power supply to globally competitive export industries, with households bearing the brunt of peak load shedding; the alternative is major auto and technology supply chain disruption and a weakening of Japan's global export position.
- There appears to be around 6.5GW in nuclear capacity that could be restarted relatively quickly, however, local populations/provincial governments that have the power to stop such restarts, may resist this on safety concerns.
- Clearly the repair of the 15.5GW in thermal capacity needs to be expedited.

Based on very early assessments, the Tohoku quake's economic cost is likely to be well in excess of Kobe's ¥15 trillion and we would also expect a government fiscal response larger in scale to Kobe's – however, the key difference is that in 1995 government debt to GDP was only 70% versus 184% today (on a net basis these numbers are 24% and 140%, respectively). Whilst the cost of recovery and rebuilding will be largely absorbed by domestic government debt issuance, it is difficult to see how this can be funded without some assistance from the Bank of Japan (BOJ) by way of debt monetisation, which is supportive of a weaker Yen. The BOJ, under its credit easing policy (expanding the Central Bank balance sheet via asset purchases), made it clear that they would do more when required and on the Monday following the quake doubled the size of its credit easing program from ¥5 trillion to ¥10 trillion (equivalent to 2% of GDP or an 8% balance sheet expansion). Also, post-quake the BOJ injected roughly ¥10 trillion in shorter term liquidity which is referred to as a temporary measure. Whilst Governor Shirakawa continues to resist use of the BOJ's balance sheet for reflation, the magnitude of the economic shock is confronting him with some stark choices. Expressed as a percent of GDP, the recent balance sheet expansion is roughly similar to the Federal Reserve's much vaunted Quantitative Easing 2 program.

We would argue that the Tohoku quake and consequent economic disruption bring forward the moment of truth when the politicians and bureaucrats finally realise that the current policy of high real rates is unsustainable. Regardless of whether the Japanese public is willing to pay higher taxes, unless the BOJ starts to actively target a weaker currency and higher inflation, it will be very difficult for Japan to bring its government debt position under control.

More specifically for our portfolio, before the market correction we assessed that many of our stocks were extremely cheap relative to their global peers. The recent market sell-off hasn't changed our view and the quake may act as much needed catalyst for the Yen depreciation and a general "reflation" of Japan.

Central Bank Balance Sheets



Source: Factset

Platinum International Brands Fund

Simon Trevett Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
Europe	35%	36%
Asia and Other	24%	27%
North America	8%	7%
Japan	6%	7%
Latin America	5%	6%
Cash	22%	17%
Shorts	7%	7%

Source: Platinum

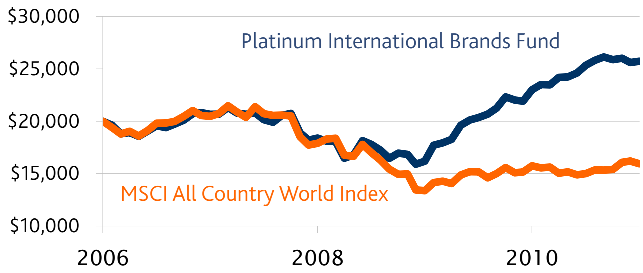
Performance and Changes to the Portfolio

The MSCI World Index gain of 3.5% in the quarter was well ahead of the Brands Fund 0.6% decline. Detracting from the Fund's short-term performance were the Asian region stocks, specifically investments in Hong Kong and India.

The Fund has a relatively low position in Japan with the largest holding, Nintendo, proving to be quite resilient albeit with the stock continuing to languish below our entry point. Nintendo are in the midst of a worldwide rollout of their new 3D portable gaming device which appears to be continuing to plan. The launch of the device in Japan met expectations, however, the subsequent sales of the device and associated games have understandably been impacted with the company redirecting their focus to international markets. Nintendo should also be amongst those that ultimately benefit from the decline in the Yen.

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

The Fund held short interest positions in the Indian Nifty Index, however, this only partially offset declines in our larger holdings. United Spirits share price declined significantly, a major detractor from the Fund's performance. The company invested in bottle manufacturing facilities. Against global comparatives this would seem inconsistent and a poor allocation of capital, especially with the company and the holding group carrying high levels of debt. The complexities of the Indian market, ranging from the state based tax structures through to the reliability of electricity supply (glass making is an intensive user of energy), suggest the benefits of controlling an essential component of the final product will ultimately outweigh the short-term balance sheet and share price concerns. The Fund added to the investment during the quarter.

Against the backdrop of difficult home markets, the US household multinationals are increasingly focused on the developing markets, especially those that have been noticeably under-represented or absent from the faster growing markets. Procter & Gamble's determination to catch up and build market share in India through sporadic price wars and intense competitive activity inevitably puts significant pressure on all the participants. The Fund has sold a relatively small position in Colgate India preferring to accumulate a new holding in a local jewellery company.

Several investments were sold, mostly positions that were relatively small or where the investment case has been reflected in the share price. The Fund has added to existing investments, for example Pepsi and China Resources Enterprise (Snow Beer and retail chains) amongst others, where there is higher long-term conviction and the weights in the Fund were relatively low.

Twelve month performance of the Brands Fund at 11.8% continues to be ahead of the MSCI World Index at 1.3%. This Index continues to be negative over three years with a decline of 3.8% per annum compared to the positive 11.8% pa three year return of the Brands Fund.

Commentary

Pepsi's plans and progress continue to trouble investors. Coke offers the simplicity of a clear focus on its core brands backed by well-developed marketing depth that has been successfully applied to both its core mature markets and the higher growth emerging markets. Pepsi on the other hand has disappointed investors with their earnings reports, reduced their financial outlook and presented a somewhat confusing strategy for those more attuned to the seeming simplicity of selling increasing quantities of Coke. As a consequence Pepsi's valuation is at significant discount to Coke's.

Pepsi has disappointed over recent years with various missteps on key brands and regions. So their promise of future success by meeting a shift in consumer preferences to healthier products has been met with a degree of cynicism. The acquisition of the Russian dairy company Wimm-Bill-Dann raised concerns of further large acquisitions and Pepsi's previous mixed success with acquired brands such as Gatorade. Russia is now Pepsi's largest international market and while the acquisition could stand on its own merits it also gives Pepsi a new platform to address the 400 million consumers in a variety of ways with their existing snack and beverage products.

Pepsi has revenues of more than $60 billion and a market capitalisation of $100 billion placing them amongst the largest of the consumer food and beverage companies. Approximately 20% of revenues can be classified under the healthier heading, notably juice (Tropicana, Naked), grains (Quaker Oats) and now dairy and within the core business there is ongoing development of more natural or *healthier* alternatives to the fat, sugar or salt laden products of the past.

The inevitable unforseen risks of new ventures and certain missteps along the way are also a matter of price. At the current valuation, the Fund has added to the position with a degree of confidence in the inherent consumer themes of greater focus on nutrition and the increasing importance of emerging markets over the US domestic market. Losing share to Coke in the large US carbonated soft drink market warrants close attention albeit within the context of a declining market. For Pepsi, it is a question of a balance between protecting earnings from the mature markets whilst developing the new, be that products or geography.

We received a poignant reminder this quarter that our view of stock prices and valuations can often lack a broader context. The French luxury goods giant, LVMH Moët Hennessy • Louis Vuitton S.A., has purchased the 100+ year old Italian jeweller Bulgari at a 60% premium to the share price. At €4.3 billion it is their first major acquisition in a decade and one of the largest in the luxury goods arena for many years. We were disappointed not to have been shareholders in Bulgari but nonetheless reassured that the Fund has a number of other attractively placed luxury goods companies. Similarly the family owned *Hermès* has been viewed by the market as extraordinarily well-valued but that has not deterred the astute Mr Arnault of LVMH from building a 20% stake in recent months.

No doubt the widely underestimated and seemingly insatiable demand for luxury brands from China plays a large part in Mr Arnault's determination of the price he is willing to pay. Perhaps equally pressing might be the thought of having to compete for these acquisitions with someone with much deeper pockets and broader objectives.

"We will encourage the best firms to acquire or build up overseas operations and to license or acquire famous global brands in order to obtain international recognition and improve the image and competitiveness of Chinese products."

Commerce Minister Chen Deming, 7 March, Fourth Session of the 11th National People's Congress in Beijing.

Outlook

The headlines of the world press have not been encouraging for investors. Each of the major regions has significant worrisome concerns attached to them; unemployment in the US, sovereign debt woes, austerity measures and associated riots of Europe, oil price concerns and civil unrest in the Middle East, inflation and slowing activity in China and so forth.

Such woeful headlines have often proven to provide opportunistic moments for the Fund to acquire at attractive prices. There are a variety of investments the Fund is monitoring closely with a view to buying at better prices. In the meantime the Fund will continue to enthusiastically explore the global opportunities in the knowledge that many of the underlying themes are still in the early stages of development. We are also encouraged by the unusually candid remarks of Chinese Commerce Minister Chen Deming on both international expansion and luxury goods tariffs.

Platinum International Health Care Fund

Bianca Elzinger Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
North America	43%	43%
Europe	30%	33%
Japan	3%	3%
Asia	1%	1%
South America	1%	2%
Cash	22%	18%
Shorts	2%	1%

Source: Platinum

Performance and Changes to the Portfolio

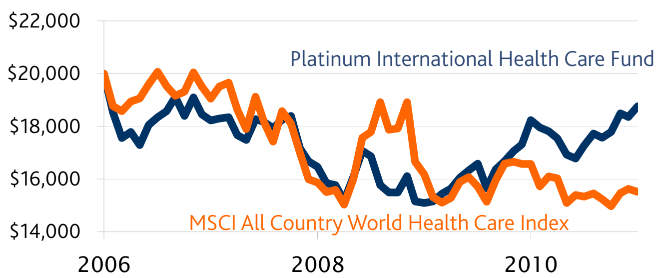
The Platinum International Healthcare Fund rose 2.9% for the year while the MSCI World Healthcare Index was down 6.4%. For the quarter, the Fund increased 5.4% while the Index advanced by 3.6%.

Similar to the past 12 months, small and mid-cap companies continue to perform well, as do companies that have a new technology or device to sell. Pharma in particular continues to be neglected and in many ways it is reminiscent of the 1960s and '70s. At that time, pharma growth was limited and the companies were diversifying as well as consolidating and expanding outside of the US market. Today we have a similar situation but we have most likely underestimated the timeline for change among these slow moving companies.

While this restructuring is going on, all the action is in biotech. Pharmasset reported new clinical data for its anti-HCV (Hepatitis C Virus) drugs. Clinicians are highly encouraged by the activity and also by the safety profile. The company is emerging as a serious force in HCV.

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

Cephalon, a biotech facing competition from generics to its main franchise, is being acquired. This is an interesting transaction as the motivation behind this acquisition is all about gaining access to the strong cash generation of this company rather than the drug pipeline. We have been invested in Cephalon for some time as we believe management would deploy the cash in the right way. This time Cephalon may have been a little too slow and someone else will manage the money from now on.

Merck has been the disappointment this quarter. Vorapaxar, a new anti-thrombosis drug in phase 3 testing, encountered problems in patients with a history of stroke. Merck had to amend its trials and exclude this patient subset. This drug has been important for Merck but given this setback the commercial success will be reduced. These setbacks are part of drug development and the focus for Merck is now shifting to the launch of its new anti-HCV drug and early stage pipeline drugs.

During the quarter we trimmed some of our biotech holdings such as Ariad and Pharmasset, at the same time we added to Gilead and Sanofi-Aventis. Sanofi-Aventis has now completed the acquisition of Genzyme, diluting the patent problem and diversifying the company further.

This quarter we added Complete Genomics to the portfolio. This company provides whole human genome sequencing services. Sequencing has seen tremendous change in the past few years and the idea of the $1,000 genome is becoming reality. Complete Genomics has industrialised the sequencing process and has paid close attention to the IT infrastructure that is necessary to store and analyse the vast amount of data. Complete Genomics is run by software experts, electrical engineers, IT specialists and molecular geneticists. This expertise combined is exactly what is needed in today's sequencing world as it is not so much the sequencing technology that is the limitation, but rather the data analysis that is the bottleneck.

Commentary and Outlook

For three decades sequencing genes was a very manual, labour intensive process. Post-docs happily outsourced their sequencing work to PhD students, who then could make it into a whole thesis. This illustrates what a big task sequencing was.

Today sequencing is just one tool in the molecular biology tool box and next generation sequencing (3rd generation is coming) has revolutionised the field. In 2006, 2nd generation sequencing was introduced by US biotech Solexa, a company we were invested in but was acquired from us by Illumina.

Solexa's technology represented a step-change in terms of automation, throughput, accuracy and speed. This technology was able to produce data for one Giga of bases[1] per run (or over 300Mio bases per day). To put it into perspective until then, ABI's high throughput sequencer was only able to generate 1-2Mio of bases a day.

Since 2006 the race is on to produce an ever increasing amount of bases per run. ABI (now part of Life Technologies) developed its own 2nd generation technology and in 2007 ABI was able to sequence 4 Giga bases per run. Three years later Illumina produced 25 Giga bases a day and this year Illumina's technology will be able to produce 600 Giga bases of data per run (~40 Giga bases per day). Life Technologies is not far behind and its technology will offer the same output later in the year.

It is clear that from now on the base output will continue to rise, while the price for sequencing will decline. The reagent costs for a 600 Giga base run are about $5,000 and Illumina offers human sequencing services for less than $15,000. Third generation technologies, already ready for launch, will simply accelerate this process.

[1] One Giga bases equals one billion of bases. Genetic material is made of base pairs; for example the human genome has about three billion base pairs.

However, one big problem remains, how do you decipher and analyse the vast amount of data that is being generated by these efficient machines. Illumina and Life Technologies sell the sequencing equipment and reagents as well as software but it is up to the researcher to come up with the brainpower to make sense of the “bases” and put it into clinical or biological context. Not every Institute, pharma, biotech or hospital for that matter has the resources to invest into highly sophisticated IT infrastructure and establish a bioinformatics department.

These thoughts lead us to look for companies that offer sequencing together with the analysis process. Complete Genomics fit this profile. This is a US-biotech offering HUMAN genome sequencing services to researchers; scientists send their samples and receive a detailed analysis of the genetic material. In the coming years this offering will most likely be expanded to clinicians.

The advantage of Complete Genomics is its combination of science, technology, IT and software. Complete Genomics runs a high tech sequencing lab with a lot of robots lined-up and hooked-up to computers. Their IT system is made up of 5,000 processors, 1,500 terabytes of disk storage all linked by a network that transmits data at 30 gigabytes per second.

The system is easily scalable and the company is considering opening additional labs in the US; for now they have one lab on the West Coast.

In terms of base generation, Complete Genomics can easily keep up with Illumina generating over one terabases a run.

It is these types of technology advances that are exciting in Biotech and we will continue to discover them. Unfortunately we are not alone and often companies like GE, Life Technologies or Siemens acquire them too quickly for us to enjoy their full potential.

Merger and acquisitions remain a theme in healthcare and we are sure it will continue for some time to come.

Platinum International Technology Fund

Alex Barbi Portfolio Manager

Disposition of Assets

REGION	MAR 2011	DEC 2010
Asia	28%	27%
North America	23%	25%
Europe	17%	17%
Japan	8%	8%
Cash	24%	23%
Shorts	3%	0%

Source: Platinum

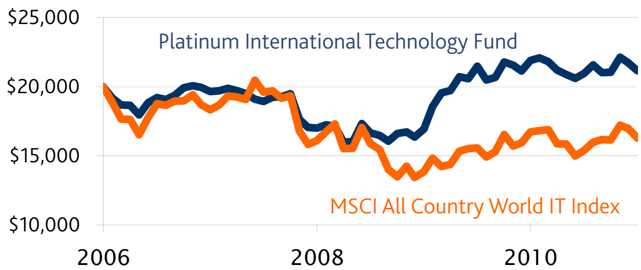
Performance and Changes to the Portfolio

The Fund's value increased by 0.6% during the quarter, in line with the increase of 0.9% for the MSCI World Information Technology (A$) Index for the same period. Over 12 months the Fund has recorded a negative 3.3% while the Index was down 2.6%

During the quarter positive contributions to performance came from small capitalisation stocks: in Korea, Melfas (touch screen integrated circuits) was up 59%; in Germany, SMA Solar (electrical inverters) +27%; in Japan, So-net Entertainment (Internet Service Provider) +22%; in Italy, Prysmian (electrical and fibre optic cables) +19% and in the US, Brocade Communication Systems (storage and data networking) +16%.

Value of $20,000 Invested Over Five Years

31 March 2006 to 31 March 2011



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

On the negative side, the major declines were recorded by:

Cisco Systems (data networking) -15% after warning of a challenging margin outlook for at least a couple of quarters; KT Corp (Korean telecom) -14% with the market fearing renewed competition among the three major players; LG Display (display panels) -13% following a worse than expected price decline in panels pricing; and Perfect World (Chinese online games) -10% and still in the early stages of its new titles launches.

The Fund's relatively large cash position (25% on average during the quarter) has also detracted from performance.

Major changes in the portfolio:

We have slightly reduced our exposure to Microsoft despite its relatively cheap valuation as we considered the momentum behind the Windows 7 cycle almost at peak (historically 18 months after launch, which in the case of W7 was October 2009). We reduced our position in Cisco (no longer a top ten holding) after the abovementioned revised outlook, as we believe its margins issues could last more than a "a couple of quarters" and have a more structural character. We will monitor its development with an eye to adding to what is still a very attractively valued stock.

We exited Google as we think a slowdown in its current revenue growth rate, an acceleration in corporate expenses and investments, and more scrutiny from regulators will prove to have a negative impact on the stock price in the medium-term.

We added to Yahoo as we believe the market has almost 'thrown in the towel'. It is getting tired of waiting for the long promised restructuring and it does not recognise the hidden value of its minority holdings of valuable Asian businesses (Yahoo Japan and Alibaba Group in China).

In semiconductors, we introduced Advanced Micro Devices (AMD) and in optical networking, we bought Infinera and added to Adva Optical Networking which we describe in more detail below.

Commentary and Outlook

During our recent trip to Silicon Valley on the US West Coast we met with more than 30 companies and we returned with some interesting conclusions and investment ideas.

The tone of each meeting was generally optimistic with the majority of the companies we visited expressing faith in the sustainability of the current recovery. This is not to say that we are back to the good old days, but one could definitely sense a general optimism when talking to people compared to only a year ago. Perhaps a common denominator to many comments we heard during the trip was the positive tone used to describe the increasing importance of developing markets in terms of both demand and innovation.

While these observations could easily be taken as an attempt to deflect attention from a still lukewarm US domestic economy, they confirm the increasingly important role of demand for global technology in developing countries. This is a long-held view here at Platinum and reflected in the Fund's exposure of 36% to Asia including Japan.

AMD is one of the largest suppliers of PC microprocessors and graphics processors to PC, notebook and server original equipment manufacturers. Historically, AMD has been the number two player within an industry (Central Processing Units or CPUs for PCs) dominated by the 800 pound Gorilla (Intel). In fact, partly because of its fragile financial structure and difficulties in gaining substantial market share against the market leader, life has never been easy for the challenger. So what has changed now? A few things.

To begin with, AMD has completed a major restructure and it is now a "fabless" IP company. After selling its manufacturing assets to GlobalFoundries, a newly created entity owned by the Abu Dhabi Sovereign Fund, AMD has now no exposure to the considerable fixed costs of semiconductor fabs. With this deal AMD has radically changed its strategy towards an asset-light business model with lower financial risks and the ability to focus its resources on its research and development efforts to deliver better products at more competitive prices. The company will have a net cash position on its balance sheet by year end; a huge improvement from the $4 billion net debt position reported three years ago.

AMD has also a strong know-how in both CPU and Graphic Processing Unit (GPU) thanks to its ATI acquisition a few years ago and it has recently developed a very high-performing, power efficient and balanced platform called Accelerated Processing Unit (APU) and marketed under the name AMD Fusion. This combines the advantages of a CPU and a GPU (including 3D geometry processing) on a single silicon die allowing PCs to perform the most demanding computing tasks with the lowest possible power consumption.

Finally, the notebook market is becoming commoditised and driven by "good enough computing" rather than performance. Similarly to what happened in the desktop market, purchase considerations will be increasingly affected by price. Hence lowering the cost of the CPU becomes critical to reduce the hardware cost. AMD has developed a number of new products to compete against Intel and independent tests have shown they are superior in terms of power consumption and graphic performance while being very cost competitive (i.e. Netbook chip Ontario is 20-30% cheaper than Intel's Atom). With AMD's share in Notebook Microprocessors only at 13% and no presence in Netbooks yet, the scope for share and margins improvement is very high.

Lastly, AMD has currently only a small 5% market share in servers and the launch of next generation Bulldozer chip will likely help on this front (when AMD launched its Opteron server chip in 2003-04 its share went from 5% to more than 20%).

We believe AMD will benefit from its new product launches in 2011 and the market will reassess its growth prospects and rerate it above its current valuation (11x PE 2012) once it is clear that the "new AMD" is on a sustainable growth path.

During our company visits we also received confirmation that the long awaited capital expenditure upgrade of optical networks from telecom operators is finally happening. Thanks mostly to increased penetration of smartphones and video downloads through broadband connections, some portion of telecommunication networks are experiencing capacity constraints. Areas like wireless back-haul (the section of wireless networks between telecom towers and the core infrastructure) traditionally equipped with copper or microwave radio links are increasingly being upgraded with high-capacity fibre optical connections to cope with increased traffic.

We added to our position in Munich-based **Adva Optical Networking**, a company we have been following since its listing during the tech boom in 1999. From its early days as a start-up focused on enterprise customers, Adva has now graduated in the league of serious telecom equipment providers with Tier 1 clients such as Deutsche Telekom and British Telecom and reselling partnerships with important players like Nokia-Siemens and Juniper Networks.

Adva is operating in a very attractive niche of the global telecommunication equipment market, focusing on increasingly converged optical and ethernet transport solutions. The company believes its addressable market is worth US$3 billion globally and is expected to grow approximately by 16% pa over the next three years. With a market cap of only €300 million, Adva is valued at a fraction of major peers such as Alcatel-Lucent, Ciena and Tellabs and is trading at an attractive 12x PE for 2012.

New addition **Infinera** is also a thematic investment on the fast growing area of optical networking. Infinera's Photonic Integrated Circuits (PICs) are very innovative and address a problem which the industry has tried to solve for at least a decade. A traditional optical transport system would include discrete components such as lasers, modulators, amplifiers, repeaters etc to convert electrical signals into light and vice-versa in a process called Optical to Electrical to Optical conversion. Rather than coupling these components semi-manually as in the traditional optical components assembly process, Infinera's PIC is more akin to a semiconductor fabrication process. For this reason it can manufacture optical systems at much lower costs compared to competitors. Infinera has so far been successful mostly in North America as its products are better suited to the very long distances of long-haul transport networks between US cities but it is increasingly gaining visibility with some European and APAC customers as well. The new generation of PIC-based 100Gb products is also promising to place the company at a significant advantage against competition for the next generation network build-out.

Outlook

The outlook for technology stocks remains relatively positive. Emerging markets are driving the secular growth in consumer electronics demand and corporate buyers in developed markets are timidly starting to loosen up their purse and upgrading IT systems as they become more confident about economic recovery.

Large cap stocks remain mostly undervalued compared to high growth, small caps. We believe that we could be close to an inflection point where investors eventually rotate into safer names should the macroeconomic picture become more uncertain. The Fund is appropriately positioned for this scenario.

Please note, that the "What's New" page on our website,
http://www.platinum.com.au/Whats_New.htm
is a reference point for updates and announcements.

Recent examples placed in this area were an update on Japan following the earthquake and tsunami, and some changes to the investment team.

From early May, we shall also use this part of our website to advise of the estimations (updated weekly) for the forthcoming Platinum Trust Funds' 30 June distribution.

Glossary

G7
The G7 is the meeting of the finance ministers from a group of seven industrialised nations - France, Germany, Italy, Japan, Canada, United Kingdom and the United States.

Japanese Government Bond (JGB)
A bond issued to investors by the Japanese Government, denominated in Japanese yen. Currently JGBs (10 year) offer a yield of 1.3%. Bond prices have an inverse relationship to bond yields. This means that falling bond prices denote rising yields and vice versa. If the economic outlook in Japan begins to improve and long-term interest rates rise in Japan, JGB prices will fall. By short selling JGBs, the Platinum Japan Fund is positioned to benefit from an improvement in the Japanese economy.

MSCI Indices
Varying indices compiled by Morgan Stanley Capital International (eg. World, Asia, Healthcare etc) that are designed to measure equity market performance across different regions and industries.
Platinum does not structure its investment portfolios relative to a benchmark, however, the MSCI indices are used as a reference to determine how each Fund is performing in relation to the total market in which it invests.

Over-the-counter (OTC)
OTC or off-exchange trading is to trade financial instruments such as stocks, bonds, commodities or derivatives directly between two parties. It is contrasted with exchange trading which occurs via facilities constructed for the purpose of trading (i.e. exchanges) such as futures exchanges or stock exchanges.

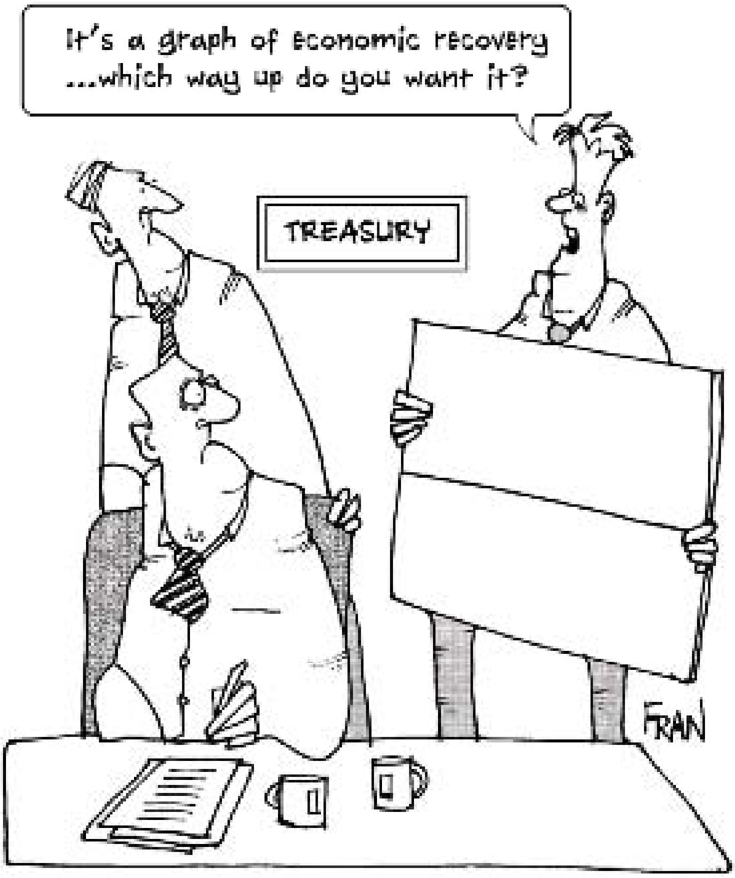
Price to Earnings Ratio (PE)
The ratio of a company's current share price to its per share earnings. The PE is used as an indicator of the value of a company by comparing its share price to the amount of per-share earnings the company generates.

Quantitative Easing (QE)
A monetary policy used by Central Banks to increase the supply of money by increasing the excess reserves of the banking system.
QE2, the second round of the Federal Reserve's monetary policy used to stimulate the US economy following the recession that began in 2007/08.

Return on Capital Employed (RoCE)
A ratio that indicates the efficiency and profitability of a company's capital investments. RoCE should always be higher than the rate at which the company borrows, otherwise any increase in borrowing will reduce shareholders' earnings.

Short Selling or Shorting
A transaction by which an investor is able to generate profit from a fall in the price of a particular company or market index. To generate such a profit an investor borrows securities and sells them, then when the price has fallen, the investor repurchases the securities at a lower price and returns them to the lender.
Platinum utilises short selling of stocks and indices for risk management (that is, to protect a Fund’s Portfolio from either being invested or uninvested) and to take opportunities to increase returns.
Short selling is not undertaken for the Platinum Unhedged Fund.

Standard Deviation
A widely used measurement of variability or diversity used in statistics and probability theory. It shows how much variation or "dispersion" there is from the average (mean, or expected value). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data are spread out over a large range of values.


It's a graph of economic recovery
...which way up do you want it?
TREASURY
FRAN

Notes

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

   The inception dates for each Fund are as follows:
   Platinum International Fund: 30 April 1995
   Platinum Unhedged Fund: 31 January 2005
   Platinum Asia Fund: 4 March 2003
   Platinum European Fund: 30 June 1998
   Platinum Japan Fund: 30 June 1998
   Platinum International Brands Fund: 18 May 2000
   Platinum International Health Care Fund: 10 November 2003
   Platinum International Technology Fund: 18 May 2000

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in the relevant Fund over five years from 31 March 2006 to 31 March 2011 relative to their Index (in A$) as per below:
   Platinum International Fund - MSCI All Country World Net Index
   Platinum Unhedged Fund - MSCI All Country World Net Index
   Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index
   Platinum European Fund - MSCI All Country Europe Net Index
   Platinum Japan Fund - MSCI Japan Net Index
   Platinum International Brands Fund - MSCI All Country World Net Index
   Platinum International Health Care Fund - MSCI All Country World Health Care Net Index
   Platinum International Technology Fund - MSCI All Country World Information Technology Net Index
   (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

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

Disclaimer

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Platinum®
ASSET MANAGEMENT

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 $18 billion, with approximately 11% 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.

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

* Please refer to page 2.

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