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

The Platinum Trust® Quarterly Report

30 June 2007

Platinum® ASSET MANAGEMENT

Front cover photograph: Getty Images.

CONTENTS

Experts ...

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

Do email us at:

commentary@platinum.com.au

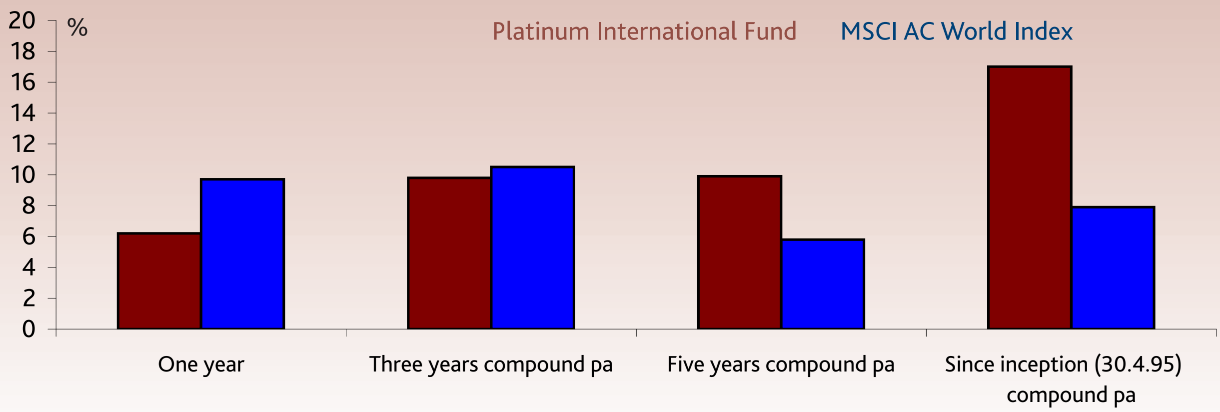
PERFORMANCE RETURNS TO 30 JUNE 2007

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$9,747m**	**2.5%**	**6.2%**	**16.0%**	**9.8%**	**9.8%**	**17.0%**
MSCI AC* WORLD INDEX		2.1%	9.7%	15.2%	10.5%	5.8%	7.9%
UNHEDGED FUND	**$27m**	**5.2%**	**12.5%**	**26.4%**	**-**	**-**	**20.5%**
MSCI AC WORLD INDEX		2.1%	9.7%	15.2%	-	-	7.9%
ASIA FUND	**$2,868m**	**13.4%**	**32.1%**	**30.2%**	**35.6%**	**-**	**34%**
MSCI AC ASIA EX JAPAN INDEX		10.5%	27.1%	27.6%	23.7%	-	23.1%
EUROPEAN FUND	**$410m**	**4.0%**	**18.0%**	**21.8%**	**15.5%**	**14.3%**	**17.0%**
MSCI AC EUROPE INDEX		3.0%	15.8%	22.1%	16.9%	9.6%	3.5%
JAPAN FUND	**$850m**	**(7.0%)**	**(9.6%)**	**9.9%**	**7.7%**	**10.6%**	**19.9%**
MSCI JAPAN INDEX		(5.4%)	(6.1%)	14.4%	5.6%	3.5%	2.5%
INTERNATIONAL BRANDS FUND	**$712m**	**0.6%**	**9.8%**	**18.0%**	**19.1%**	**14.6%**	**17.2%**
MSCI AC WORLD INDEX		2.1%	9.7%	15.2%	10.5%	5.8%	7.9%
INTERNATIONAL HEALTH CARE FUND	**$24m**	**(3.1%)**	**(0.7%)**	**10.7%**	**2.8%**	**-**	**4.2%**
MSCI AC WORLD HEALTH CARE INDEX		(2.2%)	(1.6%)	4.2%	2.0%	-	6.0%
INTERNATIONAL TECHNOLOGY FUND	**$66m**	**0.4%**	**5.8%**	**17.5%**	**5.6%**	**10.0%**	**11.0%**
MSCI AC WORLD IT INDEX		5.0%	9.1%	9.8%	2.3%	2.4%	(13.3%)

*Morgan Stanley Capital International All Country

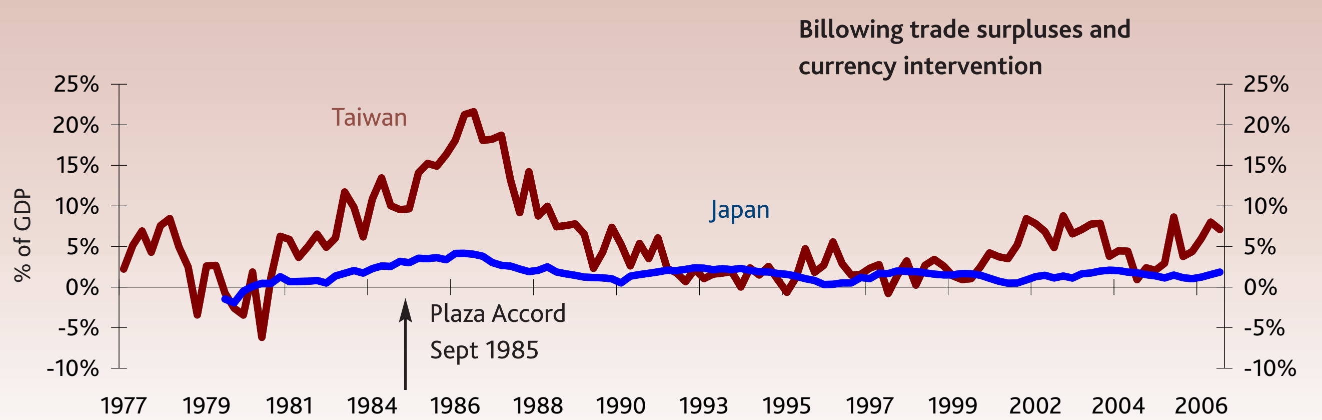
Source: Platinum and MSCI. Refer to Note 1, page 41.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 30 JUNE 2007



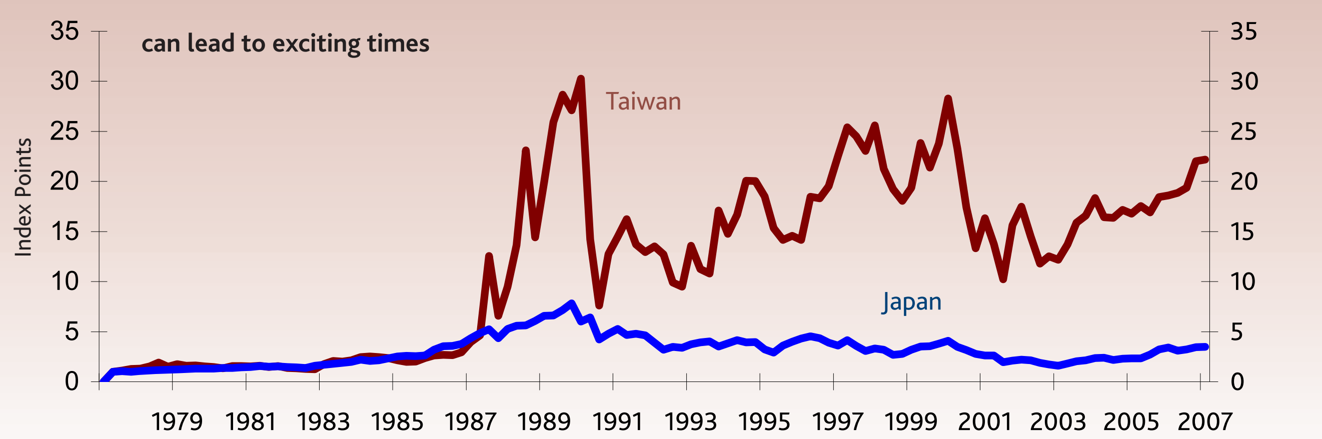
Source: Platinum and MSCI. Refer to Note 1, page 41.

TRADE SURPLUS



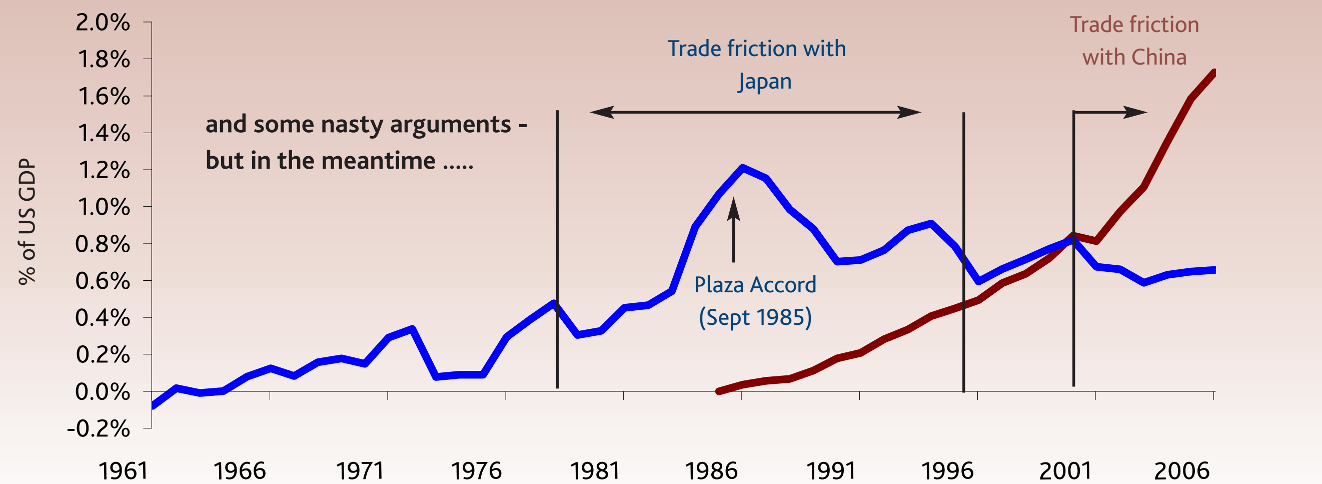
Source: Japanese Cabinet Office, Taiwanese Directorate General of Budget, Accounting and Statistics

STOCK MARKET INDEX



Source: Reuters

CHINA AND JAPAN'S TRADE SURPLUS WITH USA



Source: Ronald McKinnon (Stanford University), Japan Customs, National Bureau of Statistics of China, Department of Commerce

PLATINUM INTERNATIONAL FUND

Kerr Neilson
Managing Director

PERFORMANCE

There have been some interesting turns in investor sentiment over this last quarter. Firstly, the long forecast slowing in the US economy proved illusory as it sped-up again and consequently the anticipated action by the Fed to cut rates has been pushed further into the future. Long dated bonds sold off with the yield on the 10 year note rising from 4.6% to 5.1%. Whether this reflects a change in sentiment regarding inflation or merely the deferral of action by the Fed remains to be seen. At the same time confidence in growth elsewhere strengthened, causing a rebound in energy prices and favouring commodities in general. Though food prices are rising (to re-establish the long term relationship with energy that we have highlighted in the past) there is little concern of more generalised inflation; one indicator of which, gold moved slightly weaker from $663 to $648 per oz.

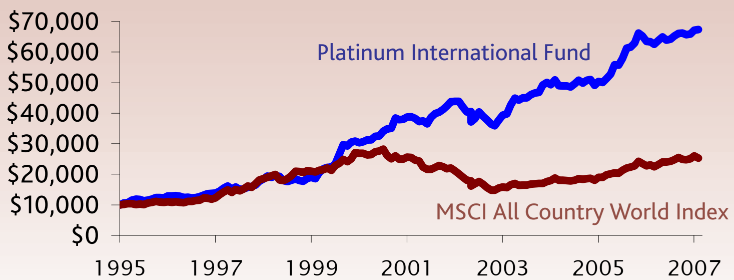
The discordant note came from further concerns in the US sub-prime market where several hedge funds had problems with establishing the true value of their portfolios. As yet the availability of funds for leveraged buyouts has hardly been dented though super heated areas of the market such as REITS have certainly lost some of their lustre (down by about 20% from their February peak). We would expect further turbulence in the sub- prime/collateralised debt obligations markets and with it, deeper scrutiny of the nature of the risks lenders are taking. This should impinge on the LBO market and valuations of their agents. As you are aware, careless lending practices have been something of a hobbyhorse of ours so we will spare you further sermonising now. A telling development is the listing of Blackstone, with others to follow.

MSCI WORLD INDEX COUNTRY PERFORMANCE (AUD)

REGION	QUARTER	1 YEAR
BRAZIL	18%	41%
INDIA	15%	41%
KOREA	13%	17%
GERMANY	11%	30%
AUSTRALIA	5%	26%
FRANCE	5%	15%
UK	2%	12%
US	1%	5%
HONG KONG	1%	13%
JAPAN	-5%	-6%

Source: MSCI

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

While our performance versus the market opportunities has improved in the last three and six month periods, the annual figures are still disappointing. Drilling down into the regional contribution over the first half of the year we see the following picture in A$ terms:

	Fund Return %	Regional Return %	Fund Weighting %
ASIA	7.6%	17.0%	17%
JAPAN	-3.7%	-5.2%	26%
NORTH AMERICA	13.7%	1.3%	24%
EUROPE	8.7%	4.0%	21%
Long Equities Position	**6.0%**	**2.3%**	**88.5%**

Source: Platinum

Not a disgrace though the opportunities in Asia were clearly not fully taken - particularly in China. (We feel though that this is partly because of timing and focus that should change in coming months). The more telling error was the amount of money committed to the weakest market of all, Japan. This unfortunately is a function of the way we go about managing your money which is to **pick individual companies based on value, regardless of their geographic location**. For the present this is not rewarding you but such apparent misallocations have been experienced in the past only to be later revealed as prescient.

This leaves us with the much more critical "error" of shorting in a rollicking bull market and by having an associated hedge by owning the yen. These actions virtually halved the Fund's return. As you may read further in this report, we acknowledge that the fundamental drivers of this bull market are still in place and so we have reduced both of these defensive positions to attempt to capture a greater portion of the prevailing opportunity. This does not mean that we plan to eliminate these positions. On the tenth anniversary of the debt-induced melt down in Asia, we are acutely sensitive to the prevailing credit risks.

PLATINUM AND MSCI WORLD INDEX INDUSTRY WEIGHTINGS

INDUSTRY	PLATINUM	MSCI
INDUSTRIALS	21%	9%
MATERIALS	13%	7%
INFORMATION TECHNOLOGY	13%	8%
FINANCIALS	13%	25%
CONSUMER DISCRETIONARY	8%	6%
HEALTH CARE	6%	9%
CONSUMER STAPLES	5%	9%
TELECOMMUNICATIONS	5%	7%
SERVICES AND MEDIA	0%	6%
ENERGY	2%	10%
UTILITIES	2%	4%

Source: Platinum and MSCI

The Fund's performance exceeded the MSCI by 0.4% for the quarter and 1.1% for six months but still trails by 3.5% for the year*. While slightly trailing the MSCI over the last three years our performance adjusted for the protection afforded clients is good in a professional sense. However, the strong Australian dollar and startling performance of the ASX does, for the moment, make international markets look pedestrian.

CURRENCY

The sustained growth outlook and large interest rate differentials again favoured the commodity producing currencies. The yen suffered further loss of support among Japanese domestic investors as they flocked to alternative currency funds which are promoted on the basis of their yields (and small print warnings about currency mismatching). At present it requires a devious mind to find the attractions of the yen, yet as we have seen in the past, currencies have a nasty habit of surprising, and it can be boldly asserted

* Editor's note: Platinum launched the Platinum International Unhedged Fund earlier this year to address those clients who would prefer to run unadulterated exposure to the markets.

that the yen is probably the least owned and cheapest major currency around. The Fund nevertheless cut some of its yen holdings in favour of the US dollar and remains 26% hedged back into the Australian dollar.

SHORTING

We continue to gradually replace stock specific shorts with sector specific alternatives. The short sale of REITs is paying off but not sufficiently to give us an overall reward for challenging such a broad based appreciation of markets.

DISPOSITION OF ASSETS

REGION	JUN 2007	MAR 2007
NORTH AMERICA	26%	25%
JAPAN	23%	26%
WESTERN EUROPE	19%	20%
EMERGING MARKETS	19%	17%
CASH	12%	12%
SHORTS	25%	32%

Source: Platinum

CHANGES TO THE PORTFOLIO

We have been gradually concentrating the portfolio in the top 15 positions and these now account for nearly 40 % of our long holdings. However, our largest holding, **Mosaic** has been exceedingly strong lately (+46% in 3 months) and we have been reducing the position. Other sales were the entire position of the paper maker **UPM** to make way for more pure pulp exposure, the reduction of **Samsung Holdings**, another hot stock over the quarter, in favour of **Samsung Electronics** and additions to our theme of a long cycle of investment in energy-related plant, namely **JGC** and **KBR**. An emerging theme is the broadening use of LEDs (light emitting diodes) in all lighting categories. This together with our enthusiasm for solar power leads us to a handful of interesting companies.

With the harsh memories of the IMF crises now fading in Asia and the prospect of strong earnings growth, sound balance sheets and sensible valuations, we have been attracted to financial stocks in the region. Improving faith in their economies will favour the investment banks and brokers and importantly, in both Taiwan and Korea, deregulation of the financial system is encouraging the development of Western-style product distributors.

When looking at companies in China one is often discouraged by valuations, particularly among consumer plays. Having heavily provided for its bad loans, the **Bank of China** is an interesting beneficiary of the ongoing boom on the mainland. This bank has been relatively weak since listing last year on concerns about its exposure to the strengthening yuan and its somewhat weaker position than the big three in deposit gathering. However, on 15.5 times forward earnings and twice book, we believe the growth prospects are not being fully reflected.

China

From the perspective of international investors, China is progressively moving to centre stage. The re-emergence of this behemoth is changing the balance of world power and growth. The sheer scale of its currency intervention policy is unprecedented and consequently difficult to comprehend. With a freely floating exchange rate, demand for yuan would simply drive up its value. However, under a managed float, the People's Bank of China (PBC) stands in the market matching inflows with the equivalent increase of yuan in circulation. To control what would otherwise be an explosion of domestic money supply, its first line of defence is to issue bonds to recover the newly printed yuan, but in addition, it needs to impose increasingly stringent reserve requirements on the banks to control money growth (effectively locking away part of their balance sheets). The circle of intervention is completed by the PBC redeploying the accumulating foreign exchange reserves in the debt markets of its trading partners - hence the purchase of foreign debt paper and the inevitable (suppressing) impact on global yields.

From history we can observe how mercantilist policies inevitably result in massive domestic asset bubbles. **Significantly, the greater an economy's exposure to exports, the greater seems to have been the resultant bubble**. The best example of this was Taiwan in 1986 when the trade surplus reached over 20% of GDP and even though the currency appreciated by some 30%[1], money supply went out of control by over 20%, fuelling a supreme bubble. From September 1985 to April 1990 the stock market exploded upwards 12 fold. This was accompanied by two significant retracements of 50%, (associated with the 1987 world crunch), and 35% respectively. As the currency rose it entrained a self-fulfilling expectation of further rises and locals brought more funds on shore to participate in the boom even though the authorities did their best to encourage outflows. In an attempt to diminish speculation, capital gains tax was introduced along with dire warnings of impending trouble.

The surprising feature of the bubble was that the banks prospered in this environment, partly because there was no conventional inflation, but mainly because of asset growth. Most significantly, the cauterizing of their balance sheets which involved special reserves requirements that peaked at 40% of deposits, caused them to amplify risk-taking with the residual funds at their disposal…yet investors kept chasing bank shares. They rose on average by 20 fold in THREE years! The other beneficiaries were companies that were domestically orientated, while exporters languished. To reiterate, the same pattern applied in Korea and Japan but the bubble was much more modest with their respective indices rising by ten fold and by two and a half fold in about four years from 1985.

The position of China today suggests a similar paradigm. We can expect all manner of policies to be introduced to alleviate the pressure on the yuan. Though, rather like sitting on a water bed, pressure in one part will be felt elsewhere. Outward flows are likely to be encouraged, initially to the likes of Hong Kong and Singapore, with the consequential impact on values. It is unlikely to be a smooth trajectory as investors respond to the phalanx of measures introduced to try to calm them, yet past patterns **suggest the market will rise well beyond sustainable value**. That the Bank of China will have learned from these past patterns we do not doubt, so **it will be intriguing to see what innovations they foster**.

The remarkable feature of the industrialisation of China is that while factor input costs have been distorted, the growth of **productivity has been colossal**. This has been assisted by the investment by Government in infrastructure (the World Bank unofficially puts this figure at 9% of GDP[2]) with the result that growth has been accomplished without the normal bottlenecks that cause inflation. Of course, it is necessary for there to be willing consumers abroad to absorb this additional output, because home consumption is growing slower than industrial output; or as economists would say, the **structural bias in the economy tends to favour savings**[3].

At present the **US economy** is seen to be re-accelerating but should it falter, the fact that **it absorbs some 20% of Chinese exports** (China accounts for 14% of total US imports) will raise concern. Fortunately China's export dependency on the USA is diminishing as new markets take up the running. Notably, trade is increasing with large countries such as India, and commodity rich regions like Latin America, Africa, Russia and its former satellites. Markets other than the US,

1. At the Plaza Accord in Sept 1985, G5 pressure forced an appreciation of the yen and by default the Korean won and Taiwanese dollar.

2. Personal income's share of the economy drifted down over the last 10 years from over 50% to 42%.

3. The lack of a social security net, and the profitability of industry skews the capital to labour share, ensuring a disproportionate allocation to the export sector.

Europe and Japan now account for 50% of Chinese exports. Unlike Japan during its growth spurt in the 70s, where exports accounted for around 15% of GNP, **China's economy derives a full third of its activity from exports**. This exposes the country to external economic risk. The internal risk lies with inflation. Publicity has been given to food price inflation (our agricultural price theme) and should domestic prices rise more generally, this will impinge on the cost of monetary intervention and make it all the more difficult.

Recent Impressions

There is often no substitute for *in situ* discovery and from our recent visit to the two large coastal provinces of Zhejiang and Fujian, where we visited a large number of companies, we can report the following:

1. Cost pressure from labour is rising as willing supply tightens and wages are growing at about 10% pa. Inducements for skilled supervisors seem to have increased.

2. There is increasing pressure for compliance on large and mid-sized companies to pay taxes, particularly those relating to workers' benefits (healthcare and pensions) and this is hurting their competitiveness compared to smaller pirate companies.

3. Invariably those we met were pricing their exports 20 to 30 % below "Western" competitors and yet still made high returns on funds employed (often 20% plus).

4. Perhaps it was influenced by our sample, but many of the companies we saw believed that their export efforts were at an early stage as they were progressing through "supplier accreditation" with foreign multinationals - suggesting that even as the yuan strengthens, there is inherent momentum to their sales (and perhaps this may apply across the country at large…).

5. Most were looking to move up-market in terms of their technical competence to ameliorate price competition in commodity products. Again it was astonishing how quickly these skills were seemingly acquired - often with the help of retired Japanese and Korean technicians.

6. Few regarded their "core business" as sacrosanct; some were willing to consider selling off factories to develop other activities; in one case to move from furniture manufacturing to furniture retailing.

7. Their agility and speed of decision-making and implementation reflected an almost cavalier "can do" optimism[4].

8. Cheap land is now a dream, having escalated by 3 or 4 fold since 2003 but still cheap by global standards at say, US$ 250,000 per hectare.

At the political level we also formed the view that the Government is serious about tackling the degradation of the environment and pollution and is clamping down on inefficient users of resources through forced closures and tax inducements (reinforced by the mid June '07 removal of tax rebates on energy-hungry and other highly polluting exporters). There is also greater emphasis on industry restructuring and amalgamation among State owned enterprises (SOEs), again, to streamline and reduce waste.

Where this leaves us is that while the Chinese economy is vulnerable to slowing exports, the **structural imperative to save and the profitability of the corporate sector are such that surpluses will continue to mount**. Even if domestic rates are raised to attempt to slow the economy, and bank lending is restricted, the system seems able to circumvent these traditional channels. **The escape valve of the exchange rate will have to play a part as the internal bloating continues to find expression in the value of assets, namely property and shares**.

OUTLOOK

Our inherent aversion to risk is clearly retarding our performance. As we have tried to demonstrate, the current paradigm is not unique but is certainly unprecedented in scale.

Investors are behaving in accordance with the signals they are receiving; namely money is too cheap and plentiful, profits are at record levels and there is no imminent sign that the cost of funds is about to change significantly in relation to the perceived arbitrage (i.e. earnings yields being way above the cost of borrowing). We concur that until internal reforms are in place there is little likelihood of the Chinese allowing the yuan to appreciate sharply. **Hence there will be an inexorable build-up of their foreign reserves and consequent recycling that distorts the cost of money (until it doesn't)**.

Among the signals of danger will be the momentum of US economic activity, the levels of protestation regarding "unfair" trade practices, Chinese domestic inflation, the movements of the yen, and of course overconfidence resulting in an adverse credit event.

Our predicament is to gauge how much insurance to run on account of the system's unsound footing and the degree to which we should provide for an "outlier event"[5]. While recognising the dangers and wary of overplaying our hand, we have reduced our shorts and have cut back on the associated play of holding yen. Our share holdings themselves are characterised by low financial leverage and typically our holdings are not at peak margins, are favoured by structural growth drivers and have valuations that are sensible. Importantly, although market valuations are generally high, we are able to identify pools of opportunity.

4. This is no illusion; an independent auto manufacturer we visited is now barely keeping up with demand, yet just one year ago its assembly plant seemed more like a warehouse of ill-pressed steel panels. Conditions were shambolic, there were more bodies on the remedial line getting the sledgehammer treatment than those entering the inspection bays!

5. For those with time and the inclination we can recommend the book "The Black Swan" by Nassim Nicholas Taleb who is an author and mathematical trader with unsettling views about certainty.

PLATINUM UNHEDGED FUND

Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio include:

- 14% Pulp and Paper, key neglected part of the commodities complex (International Paper, et al).

- 14% Energy, Agriculture & "Green" Technology (including Royal Dutch Shell) – a long duration theme.

- 13% Japanese domestic (construction companies, banks, transport, etc); after a 14 year bear market, the Japanese property market is showing some signs of life.

- 12% Technology, Healthcare and other once proud "growth" stocks (e.g.Ericsson, Pfizer).

- 10% Global infrastructure capex related (Bombardier etc) – combination of the BRIC's emerging infrastructure requirements and the need to "renew" key parts of Western public infrastructure.

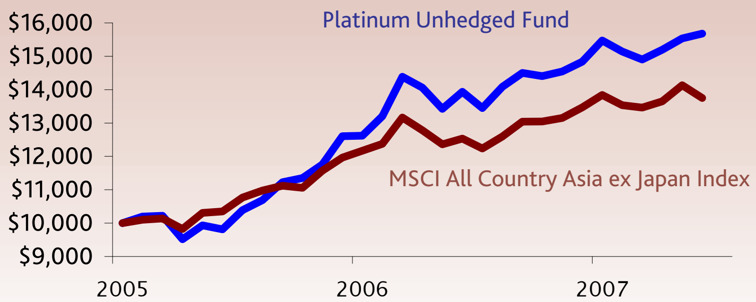
- 10% Asia Ex-Japan/China, largest exposure Thailand; key neglected Asian market (Bangkok Bank).

- 7% Hong Kong Chinese listings, likely to be re-rated as Chinese domestic liquidity overflows.

- 5% European advertising spend recovery (Publicis, TV companies).

- 5% Gold, a laggard metal, inflation and USD hedge (e.g.Barrack Gold).

VALUE OF $10,000 INVESTED SINCE INCEPTION
31 JANUARY 2005 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

PERORMANCE AND CHANGES TO THE PORTFOLIO

Over the past 12 months the Fund returned 12.5% versus 9.7% for the MSCI All Countries World Index (AUD). Over the past quarter the Fund also outperformed the benchmark, returning 5.2% versus 2.1%. The two major areas that contributed to the quarter's out-performance were Chinese Hong Kong listings (Shanghai Industrial and Gome) and energy/infrastructure capex stocks (Royal Dutch Shell, Mosaic, Bombardier, et al). The major detractors were our Japanese domestic plays. Though the Japanese property market is recovering, there are few signs of this feeding into domestic confidence and the yen remains weak. Our response has been to allow fund inflows to dilute this theme from around 18% at the end of the last quarter to 13% and we have maintained our total exposure to Japan at around 21% by opportunistically adding export-related stocks that fit our global themes, for example: Yokogawa Electric (process controls, with exposure to strong energy end markets) and Ulvac (semi-conductor equipment supplier exposed to a recovery in LCD capex and a major new end-market in thin film solar cell production).

Many agriculture related stocks are now fully valued and in some cases, possibly over-valued – accordingly, we recently sold Mosaic at a significant profit. Whilst the market's new found enthusiasm for "farming" will likely take some of these stocks much higher before the bull-run ends, our preference is to rotate to related areas and themes that remain relatively neglected. In this context, the major new theme added during the quarter was energy conservation and emission reduction technology; or "green" tech for short.

COMMENTARY

Just as the rapid BRIC's[1] industrialisation has tightened many commodity markets and exposed decades of underinvestment, it is now sharpening popular and political focus on the environmental implications of two billion plus people joining the capitalist, industrialised system over the next twenty odd years. It remains a reality that the 1.2 billion people who live in the "Developed World"[2] account for roughly 54% of world primary energy consumption – the remaining 5.4 billion people consume what's left - so if you are reading this, you are likely to be consuming energy at roughly 5.2 times the rate of the person answering your credit card query in the Bangalore call centre. However, the BRIC's are rapidly catching up with energy consumption and China is now estimated to be as large an energy consumer in absolute terms as the US[3]. Clearly, things may get pretty hot (or cold or dry or wet, depending on where you live) as the Chinese, Indians and fellow BRIC members approach "world class" per capita energy diets.

Whilst the media has belatedly put global warming on the front page, impelled by the desire to explain some recent extreme weather events, Wall Street is a long-way from capitalising on the opportunities. We think The Street remains focused on renewable energy, such as bio-fuels (and wind and solar on the margin), and the need to reduce dependence on foreign oil, rather than the greenhouse gas issue and the need for conservation and emission reduction technologies. In our minds, many renewable energy sources are not essentially "green". For example, increasing the productive areas of bio-fuels such as soybean oil and palm oil typically results in the destruction of virgin tropical rainforests, which in addition to their biodiversity role, also function as extremely

1. Brazil, Russia, India, China.

2. Using OECD membership is a convenient, though flawed definition.

3. On a per capita basis it is still only 25% of Western levels.

effective carbon sinks. The often put argument that this leads to a net reduction in carbon dioxide emissions is marginal at best – though, one is sure to find an expert who can make the case, especially if there's a government subsidy on offer. The same idea applies to corn based ethanol where the issue of turning a potentially scarce food resource into automotive fuel should be critically assessed.

Considering that only California and a few of the North Eastern States have enacted recent energy efficiency laws and the United States is yet to implement carbon trading, it's not surprising that Main Street is yet to buy in. Whether you believe in global warming as a result of human activity or not, there is the potential for a major mania to develop – in some ways this is the ultimate insoluble problem – possibly what Malthus always foresaw.

PLATINUM AND MSCI WORLD INDEX REGIONAL WEIGHTINGS

REGION	PLATINUM	MSCI
NORTH AMERICA	32%	52%
ASIA AND OTHER	22%	13%
JAPAN	21%	10%
EUROPE	13%	22%
AUSTRALIA	2%	3%
CASH	10%	0%

Source: Platinum and MSCI

PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 30 June 2007)

	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	13.4%	32.1%	30.2%	35.6%	34.0%
MSCI AC ASIA EX JAPAN	10.5%	27.2%	27.6%	23.7%	23.1%

Source: Platinum and Factset. Refer to Note 1, page 41.

Asian markets had a very strong quarter as fears of slowing global economic growth receded. With the exception of Vietnam (down 3%), which was having a breather from its extraordinary bull market, all the regional markets showed impressive gains. Of note was Korea where the market advanced 20% as domestic investors continued their enthusiastic return to buying shares. China A shares (up 20%) and H shares (up 25%) continued their strong runs, although interestingly the A share market struggled in the second half of the quarter after increases in interest rates and reserve requirements for the banking system were announced, along with increases in stamp duty for share transactions.

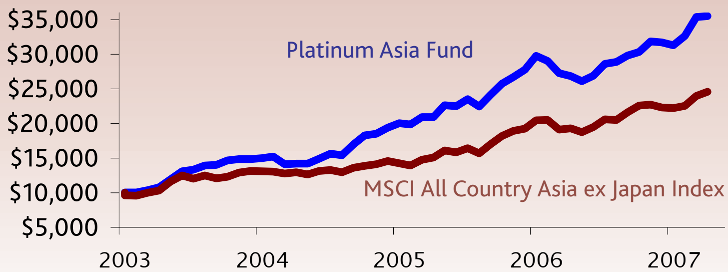
Among the Fund's best performers for the quarter were the Korean shipbuilders, Hyundai Heavy (up 83%) and Samsung Heavy (up 80%). A number of Chinese holdings were also significant contributors including Zhengzhou Yutong Bus Co (bus manufacturer, up 67%), Baidu (internet search engine, up 74%), and Gome Electrical (appliance retailer, up 37%). The major drag on the portfolio was currency positioning: the Fund had only a small exposure to the Australian dollar which appreciated considerably against its regional counterparts.

DISPOSITION OF ASSETS

REGION	JUN 2007	MAR 2007
CHINA (LISTED EX PRC)	24%	5%
HONG KONG	7%	8%
CHINA (LISTED PRC)	4%	17%
TAIWAN	4%	5%
GREATER CHINA TOTAL	39%	35%
KOREA	15%	14%
INDIA	14%	12%
THAILAND	9%	8%
MALAYSIA	6%	8%
INDONESIA	3%	3%
SINGAPORE	2%	2%
CASH	12%	18%
SHORTS	8%	12%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

CHANGES TO THE PORTFOLIO

A number of new names were added to the portfolio after our visit to China in May. Shanghai Prime Machinery Co manufactures turbine blades used in power generation equipment. While the business dominates the local market, it has now broken into the export market which represents a major growth opportunity. Scud Group is a manufacturer and retailer of mobile phone batteries for the replacement market which, unlike in developed economies is large and growing due to the longer life cycle of phones in China. Korea Investment Co, a Korean stockbroker which is well positioned to take advantage of the developing market in managed funds in that country, is another new holding. Also, additional purchases of Samsung Electronics and Taiwan Semiconductor (TSMC) were made as market concerns over growth prospects for the technology sector had caused these stocks to linger at attractive price levels.

Maxis Communications (Malaysian mobile phone operator) was sold after the major shareholder made an unfortunately (for us) successful bid to privatise the company. Elsewhere, we sold out of two of our very profitable China A share investments, Shanghai International Airport and Daiqin Railway, as they moved well above our target levels.

COMMENTARY

The bull market in the Shanghai stock market continued this quarter, with the index now standing at levels almost four times higher than the low reached two years ago. Although China's economic growth has been grabbing the headlines for over five years, it is worth noting that up until mid 2005 it had been one of the worst performing stock markets for the prior three years. The change that occurred in 2005 was a sharp acceleration in company profits when many had expected the ongoing investment boom to cause margin compression for Chinese companies.

In addition, an undervalued exchange rate has allowed current account surpluses to balloon and capital inflows to remain strong, leading to a plentiful supply of liquidity in money markets and thus low interest rates. There is no better combination than cheap money and strong profit growth to get a stock market moving higher. Efforts by authorities to hold down asset prices, most notably the Shanghai property market, where prices have stagnated over the last two years, have only exacerbated the situation with more money now available to play the stock market.

An interesting phenomenon of the bull market is how shares of the same company typically trade at significantly higher prices in the Chinese domestic stock market (the A share market) than they do when listed in offshore markets such as Hong Kong (H shares). On dual listed stocks the A share premium has increased from an average of around 40% to over 70% in the last 2 years. The reason this occurs is that the stocks listed in China are predominantly bought and sold by Chinese investors who are precluded from trading in the Hong Kong market. Thus while the domestic share prices are set by domestic investors, the offshore prices are set by foreigners, with the two groups having different opportunity sets, and impacted by different economic variables (e.g. domestic Chinese interest rates versus global interest rates). The result is a very different price in the two markets for an almost identical claim over the same business.

However there has been considerable discussion amongst commentators about whether this gap might be closed, with the H shares rising to the level of the A shares, due to an expansion of the Qualifying Domestic Institutional Investor (QDII) system. QDII allows Chinese financial institutions to offer portfolios of offshore assets to their domestic customers. Until recently, the program had been restricted to fixed interest type investments and was only offered by banks. This has been changed to allow access to some foreign stock markets, with the product now available from a wider range of financial institutions including stock brokers and fund managers. Now Chinese investors, via the QDIIs, will have access to Chinese companies trading in Hong Kong at much more attractive valuations. Moreover, many of the blue chip Chinese companies such as China Mobile, are not listed domestically, thus giving Chinese investors access to some of the country's best companies for the first time.

How enthusiastically Chinese individuals take up the opportunity to invest offshore may be tempered by many of the restrictions placed around the products that can be offered (e.g. products can only have a 50% equity weighting) and indeed the size of the quota available will limit the impact of Chinese money coming into Hong Kong. Longer term though, the moves would appear to be part of an ongoing loosening of capital controls and ultimately it is hard to see how this will not boost the prices paid for not only Chinese companies listed in Hong Kong, but also for the broader market. Certainly this has been a major part of the enthusiasm shown for Hong Kong listed stocks during the last month or so, but as we have seen with the Chinese yuan exchange rate (since the change to a more flexible mechanism), a significant regulatory change need not play out in the market immediately.

The other opportunity presented by the difference in "A" and "H" share valuations is for those Chinese companies that have only an H share listing, to issue A shares at a premium price. Potentially these companies could even use the funds to buyback outstanding H shares. It would seem such a benefit is unlikely to accrue despite official encouragement for A share listings by H share companies (to facilitate investment in these "blue chip" names by Chinese individuals), because to <u>issue</u> A shares at a premium to their Hong Kong price is not politically palatable. This was at least the experience for Ping An Insurance, the first such case of a domestic listing in March this year by a Hong Kong listed entity, where the A share offering was priced in line with the Hong Kong market. Subsequently, the A share has traded at a substantial premium to the Hong Kong market.

Although the possibility of Chinese money spilling into the Hong Kong market is an interesting question, it is perhaps more important to examine whether the Chinese bull market has further to run. Although making such predictions is fraught with danger, history has many bull markets that we can look to for guidance. An undervalued exchange rate driving a large and growing trade surplus, together with strong capital inflows, and limited opportunities for domestics investors to move money offshore, would proffer the Taiwan bull market of 1985 to '90 as a reasonable case study. Once that bull market was underway, even though the exchange rate started to appreciate halting the rise in trade surpluses, and the authorities unveiled measures such as capital gains tax to slow down the market, and allowed some flow of funds offshore, it wasn't until interest rates increased substantially that the market lost its momentum. Despite these attempts to halt the rise of the Taiwanese market, it appreciated 12 fold before the bull run came to an end. There is an uncannily similar situation in China today, where not only have we seen the introduction of QDII but also increases in stamp duty on stock trading and talk of imposing capital gains taxes. The Chinese yuan is also appreciating but yet to make an impact on the trade account.

Before one extrapolates the Taiwanese experience to the current market in China it needs to be recognised that the Chinese authorities are highly likely to have a good understanding of the forces at work (and of the subsequent damage to the economy that can result). Their policy decisions may well result in different outcomes. In particular the communist party still has strong control over the major banks in China and thus further credit controls could slow down the rapid increase in money supply that is fuelling the bull market. The other point to note from history is that during the Taiwanese bull market, the market suffered two major setbacks of 50% and 35%. It is highly likely that the Chinese market will suffer similar setbacks, possibly as a result of policy measures aimed at doing just that, or external events such as higher global interest rates.

So how should one invest in such an environment? As always our approach is to focus on the individual companies, and an examination of the Fund's China holdings (a combination of listings in Hong Kong and China) shows that the majority of companies are trading at mid teen multiples of 2007 estimated earnings. Given the high growth rates we expect from these businesses, the valuations remain attractive, although admittedly somewhat higher than we were paying two years ago. On a recent trip through China we met with over 40 companies, only a handful of whom we had met previously. What was interesting was that with a number of companies, after years spent establishing a position in the export markets, the big orders were only now starting to arrive generating significant investments in new capacity. The ongoing emergence of new industries to take up the running from those that may be at the end of an investment cycle has been a constant pattern of China's economic development in recent years. Among various factors, the ongoing investment opportunities that are arising for Chinese companies, together with the fact that we can still purchase them at sensible prices, leads us to conclude that the bull run in China is far from over. Nevertheless, one should expect a wild ride.

The Fund currently has 28% invested in Chinese companies, of which 7.2% is listed in China and 23.6% in Hong Kong and other markets[1].

1. The numbers quoted here differ from those shown in the Disposition of Assets" as some of the holdings that are listed in China are held via derivatives and are not included in the total for PRC investments in this table.

PLATINUM EUROPEAN FUND

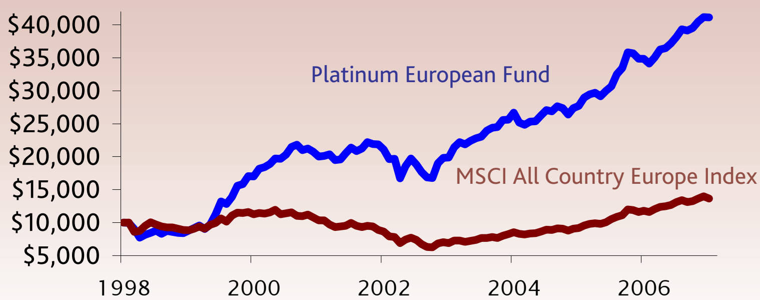
Toby Harrop
Portfolio Manager

PERFORMANCE

A year ago we wrote that markets appeared to be correcting in response to rising interest rates. We worried about the strong performance of small and mid sized stocks, and the accompanying takeover activity (both by companies and by the "private equity" buyers). We wrote also that we were still finding some interesting investments, but felt that markets may struggle given the general euphoria and the rising price of money. Today those factors are generally amplified, and markets are higher again! Mid-2007 sees gathering momentum in the domestic German economy, and now real hope that France can join in with a "policy-led" recovery under the new president. Italy has held together better than we expected, and while cracks are becoming obvious in the Spanish ponzi scheme, overall the European economic picture seems fine. The macro-economic offsets to this situation are rising rates and highly priced currencies (Euro and pound Sterling).

In the latest quarter, European markets are up another 5%, with Germany leading the way (+15%), while the Spanish and Italian markets were left behind (roughly unchanged over the 3 months). There was a clear preference for the "cyclical" (i.e. economic growth sensitive) sectors, with manufacturing (+22%), telecom equipment (+16%), steel (+15%), and autos (+15%) leading the way. Solar energy stocks continued to shine, several up 30-60% in three months. "Defensive" areas such as pharmaceuticals (-2%) and food (-3%) told a similar (risk-preference) story, while real estate (-18%) suffered as rising interest rates and troubles in Spain in particular, corrected some of the wild enthusiasm in that area. Overall, the stronger Australian dollar against the Europeans resulted in the MSCI Australian dollar index returning 3% for the quarter, and 15.8% for the 12 months to June 2007.

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

The Platinum European Fund returned 4% for the quarter, and 18% for the year. Several of the German holdings, especially Siemens, made the main contribution, while the partial hedge into the Australian dollar shielded the Fund a little from its strength. The Fund remained at around 70% net invested through the quarter.

So why do we continue to withhold nearly a third of the portfolio from exposure to our "good ideas"? (The stocks we own have continued to outpace the market, so logically we would do better if we could only bring ourselves to fully expose the Fund to the stocks). The simple answer is that on various measures of greed versus fear, markets are now around the sort of levels which prevailed in 1987, and in early 2000. Those dates will resonate with many – stock markets generally fared poorly for some time after!

We of course risk relying too heavily on these signals (and more generally, of seeing what we want to see). Indeed, the most bearish of the strategists we read report plenty of clients feeling the same way. On its own – i.e. if those investors are positioned as bearishly as their fears dictate – this would simply force the markets to climb the "wall of worry". However, the phenomenon of "fully invested bears" (i.e. fund managers who, intellectually, agree that markets look overstretched, but due to their own definition of "business risk" are running fully invested positions in line with their competitors) may make such protestations irrelevant.

We can identify specific events, **already underway**, which could catalyse a reversal in stocks. For example, there is significant unravelling in the "sub-prime" mortgage loan market in the US: one of the key features of the last few years – perhaps ironically given capitalism's reach – has been the **lack of market pricing for important asset segments**. As we write, a large US bank is "bailing out" one of its hedge funds, presumably as this action outweighs the risk of further damage to their business. For the moment this means that the system is being **saved from price discovery**. That is, temporarily at least, no one has to concede that the "real" prices of the instruments in these, and of course many other hedge funds are lower than stated hitherto. These prices, and thus the performances of the funds, are dependent on complex models, not on market-determined prices. Mainstream commentators contrast "mark to market" with "mark to model"; skeptics propose "mark to myth"!

And to the extent that these funds have a real impact on economic activity – the hedge funds in question hold the debt that has fuelled the "sub-prime" mortgage boom and thus the property and building boom - then clearly such behaviour matters.

But that's in America, you might protest! This is true, but the debt markets ignore borders with European financial institutions holding unknown, but substantial, amounts of the resulting paper. (Banque de France officials were confounded on a recent trip to the US investigating the *extent* of French banks' exposures to repackaged credit). Troubles in this part of the US market had swift impacts on other borrowers; late June/early July has seen several private equity deals held up or cancelled due to lack of funding, as well as general corporate debt issuance delays in Asia and Europe. In an asset bubble, credit is the key, and while money is still widely available at unusually low prices, signs of strain are showing in the system.

The trouble with worrying about the markets too early is of course that we risk becoming de-sensitised to the dangers at the wrong moment. Trying to balance these conflicting pressures we press on, steadily favouring safer large stocks over smaller more volatile issues (even though that volatility is of course mainly upwards at present – therein lies the dangerous temptation!)

"Emperor" Sarkozy's France

The Fifth Republic (established around the time of the Algerian crisis half a century ago by de Gaulle) gives considerable power to the French president – quite unusually so for a European parliamentary democracy. Hence the press focus on the presidential election in France (Sarkozy's prospects have dominated the last 6-9 months of French politics), with comparatively limited attention given to the subsequent parliamentary election. And so it is that Mitterand, Chirac and now Sarkozy are household names around the world, while Prime Ministers Balladur, Juppe, Jospin, Raffarin, de Villepin, and now Fillon are lower profile – the latest perhaps the least known! This itself may reflect Sarkozy's stated intent to be an especially "hands-on" president, indeed, his latest book, his election campaign and the last five years of his utterances promise an energetic approach. Much more importantly, they promise a dose of "American style" medicine for the "ailing" French economy. Sarkozy is against France's 35 hour week, high minimum wage and generous dole payments. He talks aggressively about creating (rather than merely redistributing) wealth, celebrates individual initiative and entrepreneurship, and makes broad statements about improving education, the civil service, immigration policy etc.

Some readers may recall our doubts in 2002 and 2003 when great hope was invested in (ex)-chancellor Schroder's prospects of reforming the German economy. We pointed out that (a) the German federal government is merely one of several players – arguably less able to affect reform than unions, employer federations and the states; (b) his trivial lower house majority (and opposition in the upper house) meant he couldn't do much, and (c) that "the market" – in that case the low wage countries to the east – with Germany's companies as the agent, would be more likely to reform the system. This has been the case to such an extraordinary extent that we keep underestimating the profits of corporate Deutschland, and now companies are paying bonuses to employees who successfully recruit engineers!

So should we expect that France can be fixed by the politicians? Perhaps so given the centralisation of power in France, notably in the Élysée Palace. Perhaps more so given the strong "mandate" of this president – his UMP party also gained a majority in the parliament. And perhaps especially so given Sarkozy's character and stated policies. The French were finally faced with a clear choice this year to either keep the overbearing state intervention in the economy, or to elect someone promising to add some market vim to the mix. Sarkozy is not Thatcher; nor does France face the problems of late 1970s Britain. France is a disappointment to itself – for its lack of influence on the world stage and its inability to dominate Europe – but it is hardly a moribund economy or society. A dose of optimism would be among the most useful contributions the new government could make, a rejuvenated France and growth in Germany could be just the thing to offset difficulties in Spain and Italy.

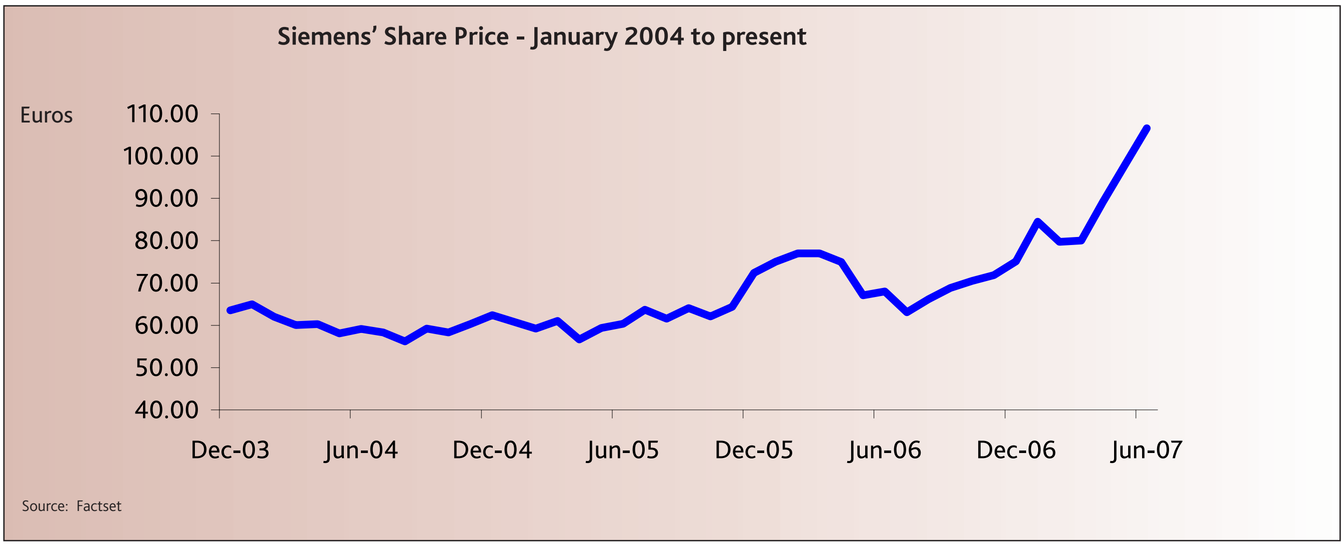
Siemens – the giant stirs…

If the unresponsive Chinese stock market (despite the economic boom) was the surprise of 2003/04, then the dull performance of Siemens' share price was perhaps the equivalent surprise of 2005/06. We have written at length on the topic of the German export-of-capital-goods-led renaissance, and of the internal reform of German companies leading to great profitability. Siemens, as the uber-capital goods export machine, with the "perfect" strengths of electrical power (generation & distribution) as well as factory automation and drives, matched with wild overmanning should have been the best play on the core theme in Europe. Yet the stock was a disappointment. Sales have been great, and the company was clearly one of the leaders in reforming the German labour market.

Perhaps the best explanation for the slow stock price before this year was the perception that profitability was only a minor detail for the company, while technical innovation, career prospects and political significance were the real drivers. Our view was that a great deal of work took place under Heinrich von Pierer in the 1990s, and continued under Klaus Kleinfeld more recently, to convince the company that good profitability was a core part of the company's future security, not a side issue for the accountants.

As 2006 unfolded and markets around the world celebrated the realisation that China's growth seemed broad-based and ongoing, Siemens went through an agonising "bribery scandal" and the stock was left out again! This exercise in self-flagellation showed the strengths and weaknesses of this 400,000 person organisation: the discipline to accept error, and self-impose the unreasonable penalty of firing both chairman von Pierer and CEO Kleinfeld (neither of whom, so far as can be determined were involved). With ongoing investigations by authorities, and frankly the risk of hindered participation in many markets for capital goods, this issue is not yet behind us, and the company may pay a substantial fine.

However the core strengths of Siemens, especially in the current environment which is so favourable to its business, cannot be denied. The company is making headway in focusing on a few key divisions (3 or 4 out of 10 or so main areas), it is likely selling (at handsome prices) some distractions, and more importantly it is undertaking serious internal change by addressing the excessive layers of management within and above the main divisions. A bit like Germany itself, the momentum has taken a long time to build up within the Siemens organisation, but we expect it to be irresistible once underway. At 5%, Siemens was the single largest position in the Platinum European Fund as at 30 June 2007.



THE PLATINUM INVESTMENT PROCESS

A blueprint of Platinum's Investment Process is overleaf.

An animated version of the investment process can be viewed on Platinum's website at the following link:

http://www.platinum.com.au/invest_diagram.htm

SUBJECT

The Platinum Investment Process

URL

www.platinum.com.au

SCALE

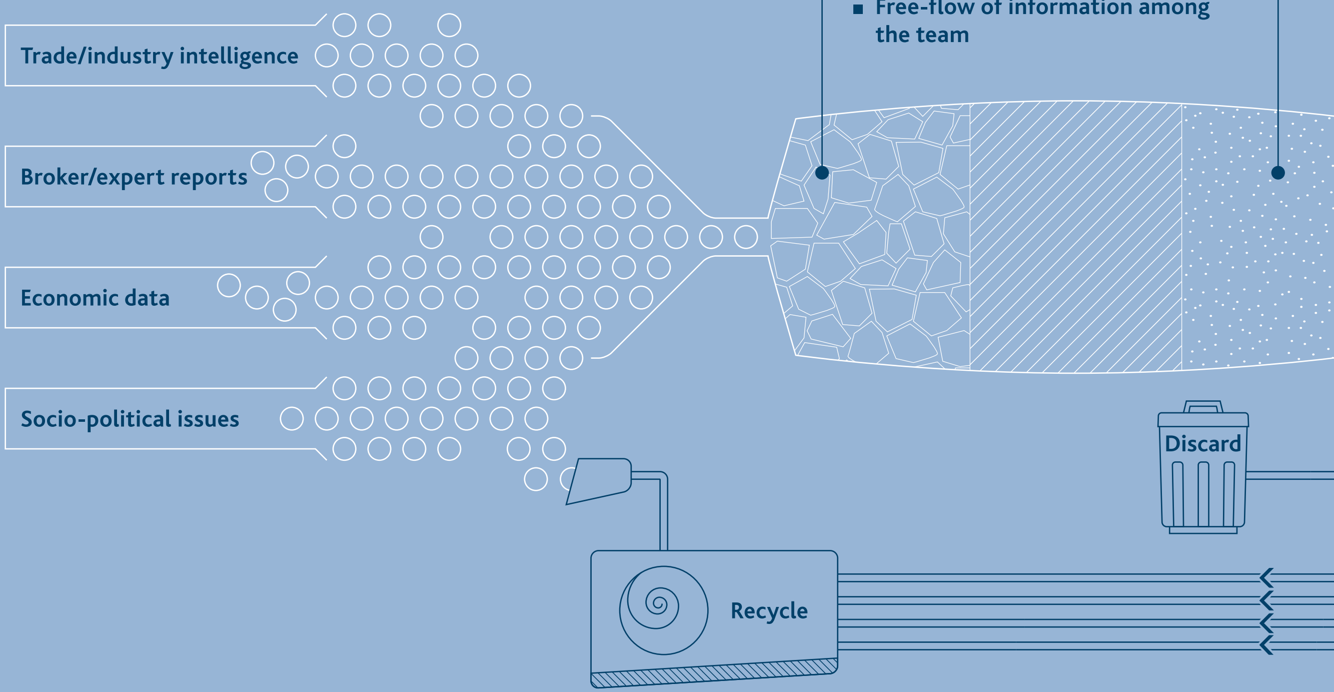
Human

Platinum® ASSET MANAGEMENT

01 Deluge of information

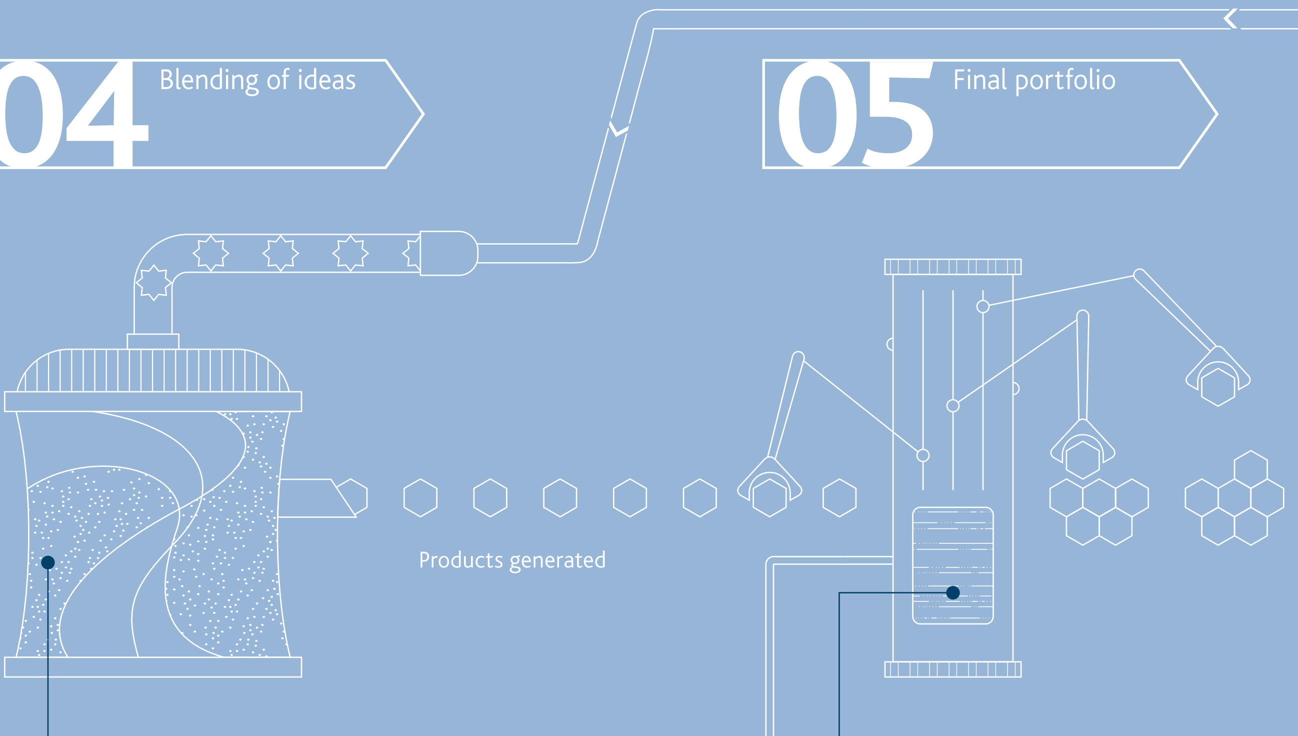
02 Selecting, ordering and distilling

- Searching for neglect
- Screening databank of several thousand companies
- Generation of themes and ideas
- Free-flow of information among the team



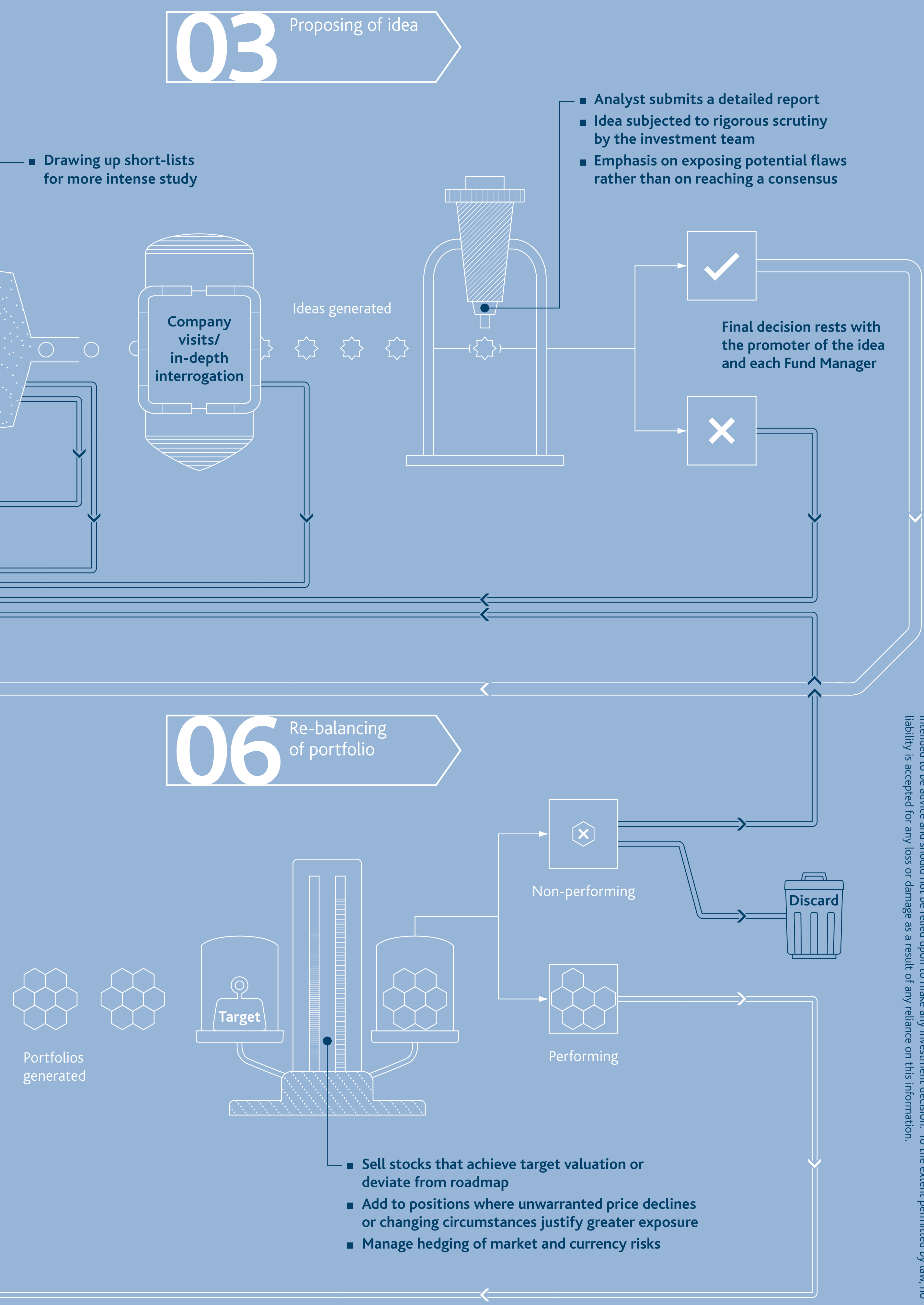
04 Blending of ideas

05 Final portfolio



- Merits of new ideas weighed against existing holdings
- Evaluation of exposure to each major theme or company characteristic
- Commence buying/selling programme

- Create a matrix of risks specific to company, industry, country, politics and currency
- Judgement required to balance these against expected returns



This flow chart has been prepared by Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 ("Platinum"). It provides a high-level overview of Platinum's investment process only. Not all steps may be taken in respect of every investment decision Platinum makes and there may be some steps taken which are not detailed. Platinum reserves the right to alter its investment process where and when it considers necessary. The information provided in this chart is not intended to be advice and should not be relied upon to make any investment decision. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

Performance this quarter was entirely dominated by movements in the $A/yen cross rate which rose by 9.8% and caused a 7.0% decline in the value of the Fund in Australian dollar terms. This is an extraordinary move in such a short space of time and highlights both the extent of bullishness about global growth and the frenzy amongst Japanese seeking higher yielding assets overseas. We have clearly been very wrong, not just in failing to hedge our yen back to Australian dollars, but more widely in terms of our positive bias toward the emergence of a wider bull market in Japanese assets which to date has been primarily limited to CBD property. However we are reluctant to change our positioning significantly because there is no evidence that corporate Japan is losing strength, in fact the contrary is the case. In time this strength should be expressed in higher returns from Japanese assets whilst in a global downturn, the yen is likely to take on defensive qualities. In a world of expensive valuations Japan presents investors with an increasingly compelling investment opportunity!

CHANGES TO THE PORTFOLIO

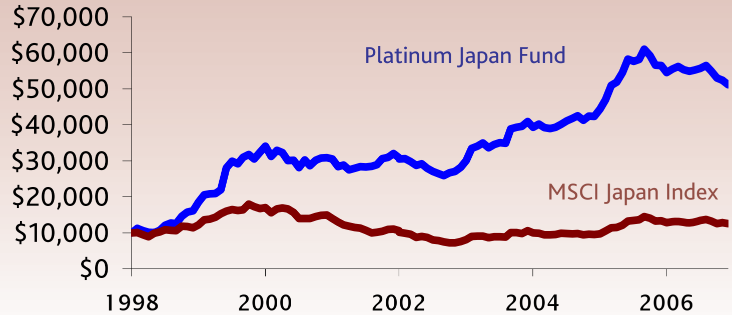
In the current mania for commodity cyclical stocks the valuations of true growth companies have been compressed toward market averages. This is an opportunity and we have been adding the likes of Tokyo Electron, Sumitomo Chemical and Credit Saison to the portfolio.

DISPOSITION OF ASSETS

REGION	JUN 2007	MAR 2007
JAPAN	96%	87%
KOREA	0.2%	6%
CASH	3.8%	7%
NET SHORTS	0%	0%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

In the case of Tokyo Electron, a semiconductor production equipment supplier (SPE), it is hard to identify the specific catalyst which will move the stock, however the company leads its industry and yet trades on a lower than peer valuation. The SPE industry itself seems reasonably well placed, despite some near term concern over falling DRAM prices, because it is leveraged to global growth. The customer base, including the likes of Samsung Electronics and TSMC, remain financially quite robust. With Credit Saison and Sumitomo Chemical we have companies which have suffered short term setbacks for different reasons yet their competitive position has improved and growth prospects remain. Credit Saison is an interesting one because of the carnage caused by the government's illogical clamp down on money lenders. Essentially the government has adopted a heavy handed approach in setting interest rates, which is leading to a severe credit crunch and weeding out the weaker players. In time, Credit Saison (which has a strong franchise amongst the higher income spenders) should consolidate its position and it is a reality that Japanese spending on credit cards remains in a structural uptrend.

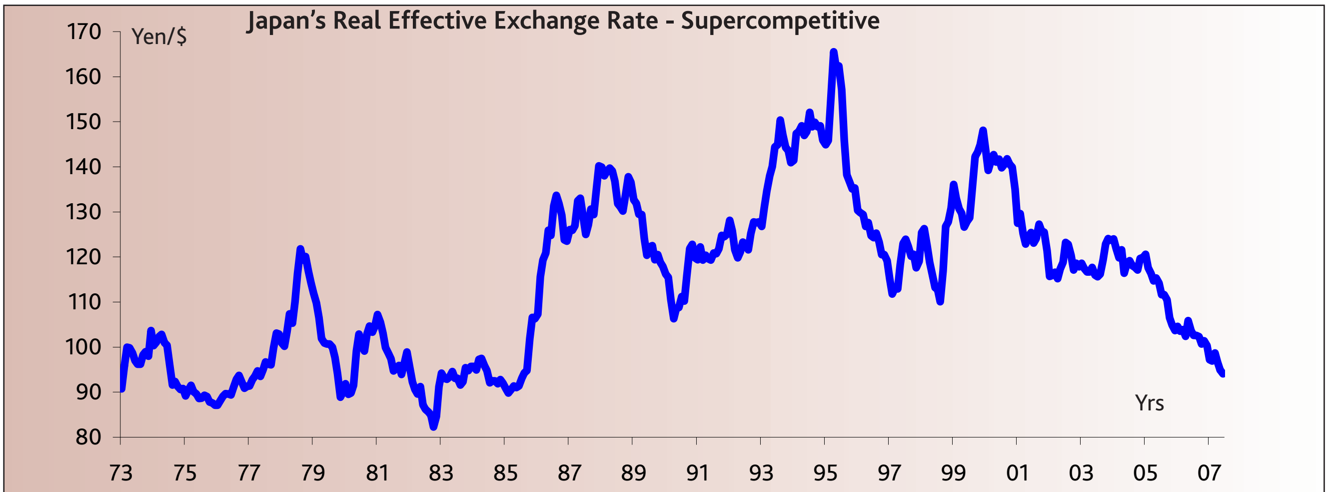
These purchases were funded by a combination of running down cash and selling of core positions with the result that the Fund was fairly fully invested at quarter end. This reflects our view that in the short term Japan seems poised for a move higher. The decision was taken to sell our positions in Mitsubishi Heavy and Sony both of which had been very good performers for the Fund. Additionally there was a continued reduction in the Korean exposure towards the eventual goal of zero weighting in line with the changing relative values of the two markets.

COMMENTARY

A new national sport – yield chasing!

Last quarter we spoke of the surge of outward Japanese investment in search of yield. What we failed to communicate fully was the extent of this activity. It is clearly becoming the "sport" of choice amongst local investors with approximately $US20bn per month of outflows dwarfing inflows from the current account surplus of about $US12bn per month. Initially this money found its way into such high quality investments as Indian stocks and Australian and NZ dollars. Being bored with this they have now moved onto Chinese stocks as well as minor currencies such as the South African Rand, Turkish Lira and Icelandic Krona! Lately they have arrived in Oman with the Omani Rial being played on thin spreads over $US interest rates (due to a currency peg) but with 50x leverage employed.

Our inherent conservatism makes us question the fervour with which "uneducated" investors are chasing these apparent risk free returns, because they are not without risk. History is littered with examples of these spread games being played. Long Term Capital Management springs to mind, where the game works very well until there is a discontinuity, most likely to be in the form of higher global interest rates. Yet timing is everything in the short run and with Japanese investors seemingly early on in their discovery of foreign currencies and having about 2% of their assets offshore there is potentially a long way to go. Perhaps more importantly what does this mania tell us about Japan? On the one hand animal spirits have returned to the Japanese investor which must be seen as a good thing. But on the other, he shuns the returns from his own markets. Is this telling us something about Japan, or is it just a phase as his risk appetite awakens? We think it is probably the latter.



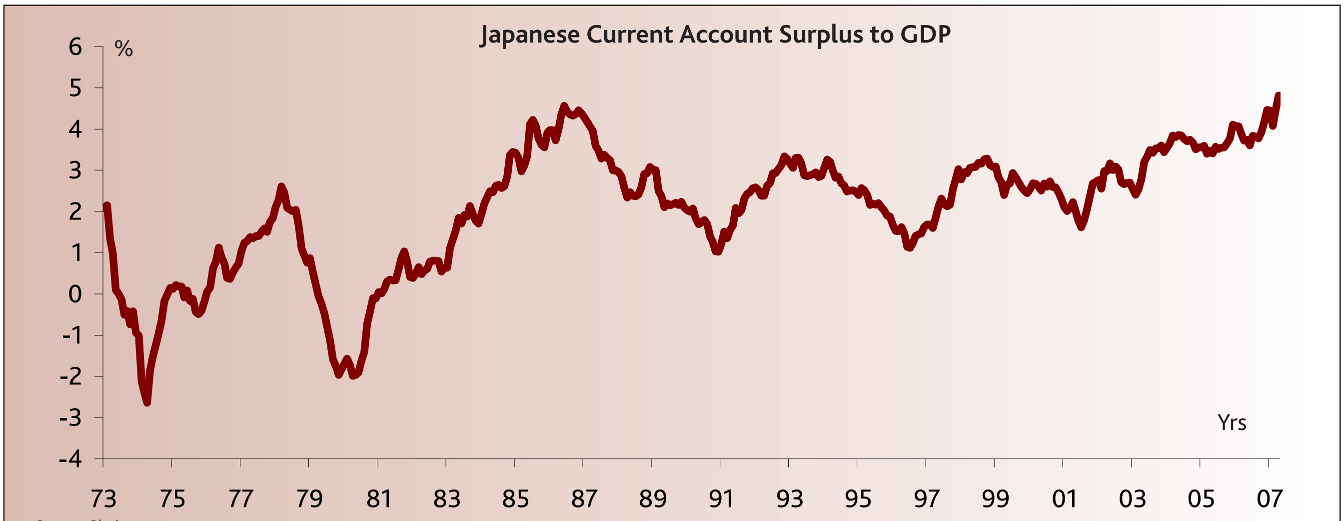
Source: Bank of Japan

On the surface the problem with the Japanese stock market appears evident. Whilst Japanese economic growth is doing well and corporate profits have never been better, companies are not recycling those profits to individuals through either wages or shareholder payouts. In turn Japanese domestic investors, despite being more confident about the employment situation, still suffer from low interest rates and stagnant wages and so feel less confident in terms of borrowing to invest in risk assets. Rather they have chosen to convert a portion of their fixed bank deposits to foreign currency to supplement income. In a real sense this mentality is very much consistent with the early stages of recovery for a patient that has been on the critical list for some time and we should not be totally surprised by it. If you examine market recoveries from deep depressions it is quite common to find a relatively long period of backfilling as investors question the sustainability of the advance in light of their recent memory!

The charts we have presented really highlight the fact that rarely has Japan been a more competitive country with surpluses continuing to build and growth which does not pale compared to the US or Europe. So with the growth fundamentals appearing solid, what is going to shift in order to make individuals come back to their own market?

Clearly it must be an improvement in local return prospects either via a rise in interest rates, recognition of the improving returns companies are providing to shareholders, or a large, hostile takeover attempt which will force companies to change their attitude. While we are generally moving in a forward direction on these issues, very recently the courts and various annual meetings of companies have tended to uphold the approach of companies to implement poison pills to protect latent assets. This is yet another setback which is unlikely to embolden foreigners especially with the returns on offer across the seas in China! Elsewhere and perhaps more importantly, the BOJ is making increasing noises about getting on with the job of raising rates which would be a very big positive development if they are "allowed" to do so.

If all looks solid for now on the economic front, is it possible that the Japanese investor is alerting us to something under the surface? Clearly politics will be an unfavourable feature of the market but this seems well understood. It is even possible that we may lose Abe as he falls on his sword after the election to take responsibility. More importantly perhaps we should look to the way the authorities (BOJ and MOF) deal over the next two years with the looming maturities of short term government debt which amounts to about



Source: Platinum

100% of GDP. Will the Japanese investor be prepared to roll this debt over at the current one year interest rates of 0.8%? The answer is probably yes but what if the current weakness of the yen is really a recognition by the individual that because of this high level of government debt the BOJ is effectively prevented from raising rates sharply and that therefore the currency is a "one way trade". In this scenario the weakness of the yen could snowball causing clumsy policy responses that smack of desperation. There is a hint of this possibility in interference by the MOF in recent BOJ policy setting as well as hints at FX intervention. Our view is that proactive BOJ action on this score could help alleviate the issue by presenting higher rates as a gift to consumers rather than being forced into such a solution. Interesting times are ahead as inevitably markets test the resolve of the authorities.

OUTLOOK

Whilst we share the frustration of many investors with the performance of the Japanese stock market there are some signs of an improvement. The indices appear to be testing the upside of recent trading ranges despite continued redemption selling from the hedge fund community, and small stocks, a bell weather of local sentiment, are starting to outperform larger stocks. Additionally the yen seems to have found a base at least for the time being. Further out the real issue for Japan remains the confidence of the local investors to play in their own market instead of overseas but with corporate attitudes still miserly in their approach to rewarding shareholders it is likely to be a slow process save for some catalyst such as could be provided by a successful hostile takeover. If that all sounds like too much for readers to bear we leave you with a reminder of our experience in Germany which experienced similar disinterest from domestic investors only to see them eventually return and bid stocks to record levels as confidence in the domestic situation finally filtered through. The Japanese market seems to be taking a similar path.

PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

The Fund returned a flat performance for the quarter at 0.6% which lagged the MSCI World Index of 2.1%. At face value this rather dull quarterly performance of the Fund might suggest that the performance of the Fund's individual investments were also somewhat disappointing or uninteresting. It may therefore be surprising that there were many noteworthy performances within the Fund such as our investment in India in United Spirits for example, which appreciated by 75% in the quarter. More on this below.

The Fund has 24% invested in Japan and with the Australian dollar continuing its appreciation against the yen, the overall performance of the Fund has been muted. Some partial offset has been achieved through approximately half of the Fund's investments in Japan being in export companies that continue to benefit from the depreciating yen.

The exposure to the yen has been maintained, in part, as a means of protecting the Fund against sudden market reversals. The experience in February this year of a bit of a scramble as the hitherto one way traffic paused for thought, supports the contention that a sudden, albeit perhaps short lived turn in emerging market shares could trigger a rise in the yen. The yen thus offers an alternative form of protection to the Fund along with the short positions.

Short positions have been maintained against the French CAC index and the Indian Nifty. In both cases we want to continue our investment in particular companies in those markets whilst providing some degree of protection against more general market set backs. This has had a cost to the Fund's performance.

DISPOSITION OF ASSETS

REGION	JUN 2007	MAR 2007
EUROPE	35%	32%
OTHER ASIA (INCL KOREA)	28%	21%
JAPAN	24%	25%
NORTH AMERICA	7%	7%
CASH	6%	15%
SHORTS	6%	9%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2007

Source: Platinum and MSCI. Refer to Note 2, page 41.

On an annual basis the Fund has fared a little better at 10% with much of the performance of the individual stocks being offset by both the appreciating Australian dollar and the cost of maintaining the short positions on the indices.

Not surprisingly, for both the year and the quarter, the strong stock performances were predominantly from emerging market investments; India, Korea, Indonesia, Vietnam and our companies which have large parts of their businesses in Russia or the Asian region such as the cosmetic company **Oriflame**. The investments in Japan have been disappointing, particularly those with a domestic focus such as the retailers. There have been signs of growth in that economy and of the potential inherent in our investments however, for the moment, these have been detractors to the Fund's performance.

The Fund has been active in the quarter adding several new names with a bias towards the growth in consumption in the emerging markets. **Natura Cosmeticos SA** has a market leading position in the Brazilian cosmetics markets and a set of performance metrics with its direct selling operation that should have Avon in awe. Indeed, Avon has been unable to match Natura despite having been operating in Brazil since 1959. A modest near term set back in meeting analysts' expectations gave us an opportunity to buy this stock during a period of relative underperformance. The longer term opportunity for this company to take its Brazilian branding to international markets is intriguing with nascent operations in France and Mexico.

Other additions to the Fund have also had a focus on emerging markets either directly, such as a leading Chinese dairy company or indirectly where a company has the majority of their operations in emerging markets whilst being listed in Europe, for example the brewer SABMiller.

COMMENTARY

Much has been written about the demand for commodities and resources, in particular those that are mined and the impact that the industrialisation of China is having on their price and availability.

Along with this we have seen the growth in consumerism in emerging markets and particularly a demand for premium branded products. Specifically, we have previously highlighted our investment in **Pernod Ricard** and their growing businesses in India and China. Whilst this should not be new to any of the analysts, a recent visit to China hosted by Pernod Ricard did provide an event for many to consider whether they really had understood the depth and breadth of the opportunity, especially the financial impact of selling the much higher margin (super)-premium products, something we believe is still under appreciated by the market.

So should we be surprised that there is discussion about potential shortages of Scotch Whiskey? Consider though for a moment the limited number of Scottish distilleries, the aged product and an underlying trend for more premium products (at higher margins). Confirmation of the pressure on the supply of Scotch came this quarter with the acquisition of the world's fourth largest scotch producer; **Whyte and Mackay, by the Indian company United Spirits**.

United Spirits is now the world's second largest spirits manufacturer and supplies 60% of the Indian market. They have acquired the world's largest grain distillery, four malt distillers (in different regions of Scotland) and 115mn litres of aged inventory to add to their existing Indian operations. United Spirits enthusiastically believes that the reductions to the punitive taxes on imported spirits in India will see an already predominantly whiskey market become a very fast growing Scotch market. This acquisition positions them well for their home market - advertising bans and complex local regulations hamper new comers - whilst also providing an opening in international markets, such as Russia and China. We expect to hear much more about the growth in the Indian market as the various State governments relax their regulations and the market further develops with growth in wine and white spirits.

The spirits market is extremely active globally. The Swedish government is progressing with the sale of V&S Group, better known for their product Absolut Vodka, the world's third largest spirits brand. Remy Cointreau has surprisingly broken from their JV distribution arrangements triggering much discussion about the future of the company. In China, acquisitions have been made by V&S, LVMH and Diageo of local producers of Baijiu, the most popular Chinese spirit.

SABMiller is a more complex investment but one that nonetheless illustrates that we can obtain significant emerging market exposure, strong growth and participation in the global consolidation of the industry whilst having a listing in a developed market, in this case London. Currency exposure is further complicated with over 80% of operating profits produced in emerging markets (Columbia, Africa, Asia, Russia, Poland etc), financial accounts reported in US dollars and a listing in Sterling. This company has developed steadily over the past twenty years from its South African origins to become an international brewer with attractive brands and leading market shares. They are market leaders in China and second in India with a 30% market share.

Although much has been done in recent years there remain many opportunities for the company and whilst analysts fret about the difficulties in the US beer market or the exposure to South Africa, they risk losing sight of the many other faster growing activities of the company in Latin America, India, Russia and China. Despite the industry consolidation that has already occurred there is still much to do and the history of the company provides some degree of confidence that this management team has shown a dedication and determination to meet the long term goals of the company. The five largest global brewers still only account for just over a third of world volumes with the scope for substantial growth.

We suspect that perhaps our investment in an Indian brewer is of interest to the global consolidators. We suspect also that some of our other investments in diverse markets and sectors, from cosmetics to food products, are of growing interest to the cash rich global icons intent on capturing a share of growing markets.

OUTLOOK

We have a degree of confidence that the strong growth in consumerism in emerging markets will continue. This growth is manifest in a variety of ways: industrialisation, the consumption of packaged foods and the prevalence of household products into rural areas. These trends are supported by rising incomes and the encroachments of retail trade as we know it, in the form of supermarkets and hypermarkets. The other significant trend evident in many areas ranging from cosmetics to autos is an increasing preference for premium products to display wealth. The Fund has good exposure to both of these enduring trends and at valuations that, although not particularly neglected, are not unduly demanding.

PLATINUM INTERNATIONAL HEALTH CARE FUND

Bianca Elzinger
Portfolio Manager

PERFORMANCE

At the beginning of the year, in particular when the pipeline delivered, big pharma provided a subtle reminder that there is strength left in these companies. However, towards the end of this quarter US politics and safety worries were a theme too prevalent for many to ignore. The drug approval process is under scrutiny, particularly the way safety is being monitored once a drug has been approved. Currently, if in doubt, the FDA is not prepared to let a drug reach the market and approval delays are frequent. The consequences will be an expansion of clinical trial programs; overall unhelpful for company valuations.

"Biosimilars", cheaper versions of biological therapies that have lost patent protection, are another touchy subject. While generic versions of small molecules are able to gain approval without lengthy trials in humans, biosimilars are a different story. However, slow progress is being made in the US despite the biotech industry's continuous efforts in talking up the complexity of these molecules. Meanwhile, the EU regulators continue to set an example and have recommended the approval of additional cheaper versions of biological therapeutics, two being produced by Novartis, one of our holdings.

As we have mentioned previously, the healthcare environment in the US is changing with some resemblance to Europe. Although initial changes will be moderate, the overall message that savings need to occur is growing louder and mediocre drugs or devices will face intense scrutiny.

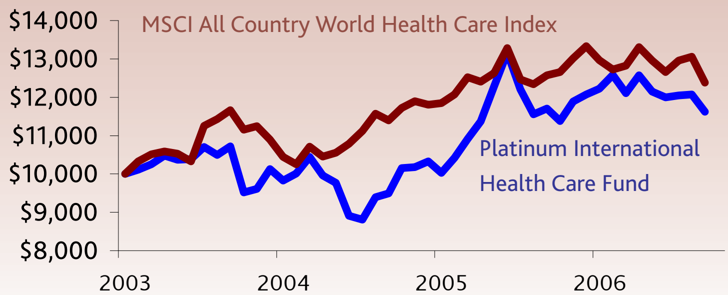
In light of these challenges uncertainty is prevailing and the well known large biotechs in particular continue to see their valuations decline, while our mid sized biotech holdings are starting to gain attention. Several of them have been diligently selling or preparing to sell their small number of products while at the same time initiating interesting pipeline products.

DISPOSITION OF ASSETS

REGION	JUN 2007	MAR 2007
NORTH AMERICA	55%	60%
EUROPE	25%	24%
JAPAN	4%	7%
OTHER ASIA (INCL KOREA)	3%	2%
SOUTH AMERICA	2%	1%
CASH	11%	6%
SHORTS	1%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

Consolidation and licensing demand in the healthcare sector continues to feature and this is fuelling interest in a number of smaller biotechs as well as in the Life Science Tool and Diagnostic sector.

The Healthcare Fund declined 3% for the quarter, while MSCI World Healthcare Index reported -2%. For the year, the Fund was negative 0.7% compared to -1.6% for the MSCI World Healthcare Index.

CHANGES TO THE PORTFOLIO

In drug development, setbacks or delays are an expected aspect of the process and companies can have a change of strategy as a consequence. With these thoughts in mind we re-evaluated our smaller biotech holdings and decided to reduce or exit our positions in several of these companies.

At the same time we increased our exposure to profitable and large drug developers where we feel the R&D, the business development capability, and the historical performance are being undervalued.

We added a German company which makes equipment used to manufacture biologic therapeutics. The company is well known for the quality and adaptability of its products, and its service to customers. Most recently the company added to its stable a well-respected provider of disposable cell culturing bags, an area that is growing strongly.

COMMENTARY

Continuing to grow in a changing environment and maintaining a very strong R&D focus is a challenge. This is evident in the many treatment providers who have been enjoying the success of very profitable products for a number of years without preparing sufficiently for less exciting and more restrictive times.

For these treatment providers the US has been the market of choice and with its generous pricing it has nurtured an environment of "me-too" treatment ideas. However, coasting along a comfortable road may lead to backwaters, particularly in the coming months with US elections looming and with discussions about the flaws of the system, how to save money and what has to change. Attention very quickly turns to drug developers as the prices of their products continue to rise with no end in sight.

Nonetheless, compared to the mid '90s when proposals for healthcare changes were close to becoming reality, companies today are better prepared in several ways. There is a strong understanding that a pipeline is a necessity and that biotech and pharma should work together. A big step in the right direction.

Acquisitions and licensing remain popular activities but are only part of the solution for company growth. There are limitations to these strategies, such as the availability of outstanding opportunities at a reasonable price, and how to manage the myriad of alliances.

Another popular strategy to compensate for changes in the US is geographical expansion, into countries such as Latin America, China and Russia. This strategy is a complex endeavour as healthcare systems differ from country to country as do regulatory guidelines and reimbursement structures. There is a lot of building and research activity to be done first; "Tiger teams" are being sent to China to better understand the market, R&D centres are being opened in Asia and clinical trial programs are increasingly being conducted in

Eastern Europe and Russia. There is significant growth within these markets as the chart below highlights and companies are making progress with benefits gradually becoming visible.

Being a broader healthcare provider is also a theme with companies adding generic drug divisions, Over-the-Counter (OTC) items and consumer health products. Each one of these categories has the advantage of reduced regulatory risk and a lower dependency on government and other support.

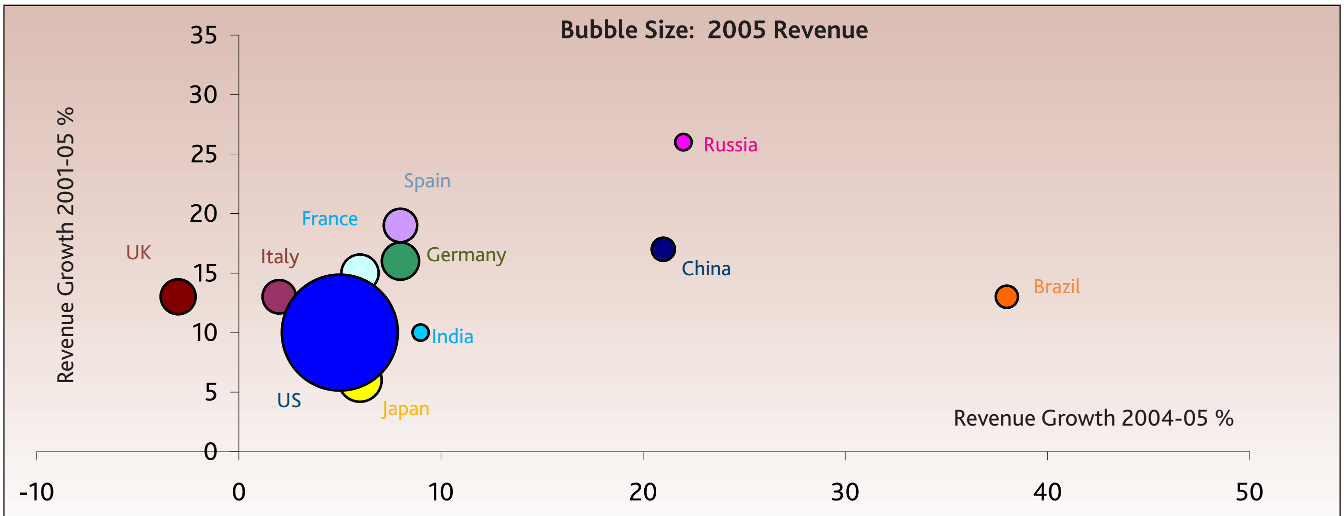
Providers of generic drugs have also evolved - “being global” is already part of their business. Competition is fierce within this industry with the general assumption being that profitability is volatile and the US market is the only one that counts. Interestingly, there are companies within this sector that have managed to differentiate themselves by tackling markets outside the US and by having a mixture of different types of generic drugs, ranging from commodity generics to cheaper versions of biological therapies and real patent-protected products.

While the ongoing political debate in the US does have its drawbacks, it also offers opportunities that are currently being dismissed. The same can apply to “unconventional” ways of drug development.

OUTLOOK

Political chatter will continue this year but more important for the sector will be the clinical results of several companies in the following months. In addition, a number of regulatory decisions are anticipated for both pharma and biotech. As the growth rates of companies such as Amgen and Genentech is slowing, the focus has already shifted to the subsequent groups of biotechs and most likely will continue to do so as their credibility increases. The scrutiny on safety and demand for large clinical trial programs by regulators does add a complex issue for biotechs and makes their financial capabilities an even more important aspect to monitor. As a consequence, one would expect further consolidation and licensing deals among companies.

Overall, this year may provide the start of a number of changes in the US and thus we will keep close to our theme of looking at developments outside this geographic location.



Source: Adapted from Datamonitor

PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

During the quarter the Fund increased by 0.4% compared to an increase of 4.9% in the MSCI World Information Technology Index (in Australian dollar terms).

The good performance of our Asian and North American holdings was offset by a decline in our Japanese stocks, with European companies' contribution being largely neutral. Our short positions also detracted from the Fund's return.

The strength of the Australian Dollar against all major currencies again impacted negatively on the Fund's performance. The Fund's currency positions remain largely in line with geographic exposure, with the exception of the US dollar where we are partially hedged (9% versus 25% country exposure). The Fund's cash position is held in Australian dollars.

Major purchases

We re-established a position in Chinese solar cell and module manufacturer Suntech Power (featured in our Dec 2005 quarterly report) at what we consider is an attractive valuation in light of its medium term growth potential (PE 19x on 2008 vs. + 35-50% growth).

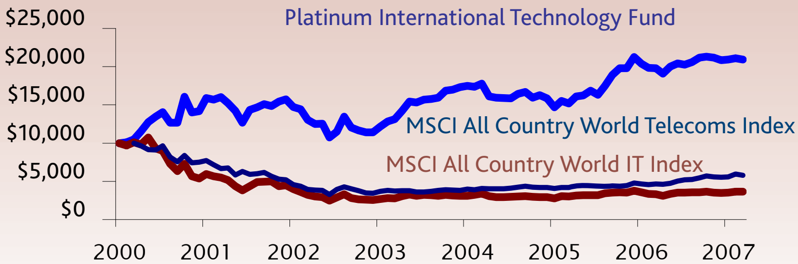
We increased our position in IXIA, a US based company selling testing equipment for routers and switches used by telecom operators, cable TV providers and equipment manufacturers. IXIA will profit from a growing global trend in the deployment of high-capacity broadband networks. With nearly 35% of its market capitalisation represented by cash and a solid track record in its sector, we are confident that IXIA represents a good opportunity.

DISPOSITION OF ASSETS

REGION	JUN 2007	MAR 2007
OTHER ASIA (INCL KOREA)	33%	25%
NORTH AMERICA	25%	24%
JAPAN	15%	17%
EUROPE	14%	15%
CASH	13%	19%
SHORTS	7%	5%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2007



Source: Platinum and MSCI. Refer to Note 2, page 41.

We initiated a position in AAC Acoustic, a Hong Kong listed Chinese manufacturer of acoustic components for mobile phones. AAC is a major beneficiary of a trend to equip mobile handsets with smaller and better acoustic components (stereo speakers, hands-free kits, receivers, microphones, etc.).

Major sales

We reduced our position in LG Electronics after a significant stock appreciation (+25% in the quarter), and we exited several positions in smaller Asian and Japanese stocks which did not perform up to original expectations.

As a result of the above changes, the Fund has increased its exposure to Hong Kong and Greater China to a combined 22%, while North America at 25% remains the largest weighting in the portfolio. The fund positions in Japanese and European stocks have been slightly reduced to 15% and 14% respectively.

COMMENTARY

We have discussed the theme of mobility (wi-fi, 3G, TV phones etc.) in previous reports and we have often highlighted how the constant evolution of wireless technology will change the way we use our mobile phones. More recently we have identified another emerging trend in the mobile communication arena which we believe will develop into a multi-billion dollar market opportunity - Location Based Services.

The mobile phone meets the satellites

Location Based Services leverage the ability of telecom operators and other providers to send targeted information and advertising to mobile subscribers, according to their location. New mobile phones are being launched with embedded GPS (Global Positioning Systems) which allow it to pin-point the exact location of the phone to within five metres. In countries like the USA, Europe and Australia, where competitive and mature voice markets are restraining profit growth for telecom operators, this new technology will help carriers to increase subscribers' loyalty and to add more value to their services.

In Europe Vodafone is already offering Vodafone Navigator, a service providing up-to-date pan-European map data coverage, integration of points of interest, and real-time traffic information. Similar services based on the same platform are offered by Orange in France, O2 in the UK, and by Telstra in Australia.

In Japan, KDDI's users of GPS enabled handsets can acquire information about a location (such as a building or a shop) simply by pointing their phone at it! In the USA, the Amber Watch Foundation, a non-profit organisation focussing on preventing child abduction, is launching a web-based service called Amber Watch Mobile. Its software can be installed on a child's GPS-enabled mobile phone. Parents can then log on to a dedicated web site and quickly pinpoint their child's mobile phone location and track their daily movements. Gone are the days when telephones were used only to make and receive a phone call!

Source: www.army.mil

Global Positioning System

The GPS is a global network of 30 satellites placed in orbit by the United States and managed by the US Air Force. These satellites orbit the earth twice daily and are positioned so that at least six are in the line of sight of any point on earth at any time. Every satellite contains an atomic clock and broadcasts the same string of data. A GPS receiver (included in the Navigation Device or mobile phone) will compare the time delay of broadcast signals from multiple satellites and combine that information with knowledge of satellite positions to calculate receiver positions. In the 1980s GPS was also made available for civilian uses, free of charge, enabling a range of applications such as Personal Navigation Devices (PNDs) for cars, boats or outdoor activities in remote areas.

While the beauty of GPS is that it is literally available anywhere in the world, it has some drawbacks; a "cold start" may take up to several minutes to get a "fix" (jargon for connection) to the satellite network, and receivers also require line of sight (i.e. they do not work very well among urban "canyons"). These may be secondary issues if you are on a boat in the middle of the ocean, but they may be annoying if you are trying to follow the driving directions to the closest Chinese restaurant in town.

Source: www.navigadget.com

A new technology called Assisted GPS (A-GPS) has improved dramatically the level of accuracy and functionality of GPS. A-GPS uses an "assistance" server in a mobile network which hosts information about satellites' positions and velocity. In such a system, the assistance server communicates with the GPS receiver on the mobile phone through the cellular network. With assistance from the network, the receiver can operate more quickly and efficiently than it would unassisted, because a set of tasks that it would normally handle is shared with the assistance server. The resulting A-GPS system boosts performance beyond that of the same receiver in a stand-alone mode. The combination of large computing power from the mobile network with the satellite network and a more power efficient handset, makes the system quicker and really ubiquitous.

Source: www.navigadget.com
Nokia N 95

Initially, the idea of being able to locate mobile handsets originated with the US Federal Communication authorities' mandate requiring the position of a mobile phone to be available to emergency call operators. However, even the best "terrestrial" mobile networks technologies cannot provide accuracy below 50 metres radius, hence the necessity of co-opting the satellite system for the task. Luckily there was already a GPS system up in the sky!

While the GPS is freely available, the fact that it is managed by the US Department of Defence has motivated other countries to build alternative systems. Russia has already set-up a system called GLONASS with 12 satellites but with reportedly limited reliability. The European Union is planning the launch of the Galileo project, consisting of 30 satellites and offering a base service for free or a premium one (one metre accuracy) at extra cost. China, originally a partner in the Galileo project, has recently indicated that their own system called Beidou will be launched in 2008. We believe that this proliferation of competing GPS systems will likely accelerate its adoption and that ultimately this choice will benefit consumers.

As GPS technology advances and prices come down, GPS will become increasingly available to a broader spectrum of applications. Mobile handsets, digital cameras, portable computers, personal navigation devices and other portable consumer applications will incorporate GPS functionality at affordable prices. Personal Navigation Devices (PNDs) are already available in Australia at prices as low as $150-$200 and GPS chipsets can be relatively easily designed into high-end mobile phones without adding much to the total bill of materials. According to independent consultants Frost & Sullivan, average selling prices of GPS chipsets have come down from US$23 in 2002 to US$12 in 2006, and they are expected to go below US$5 by 2008. It is not far-fetched to imagine that by 2010 around 30-35% of mobile phones on sale will have a GPS chipset incorporated (currently it is less than 5%).

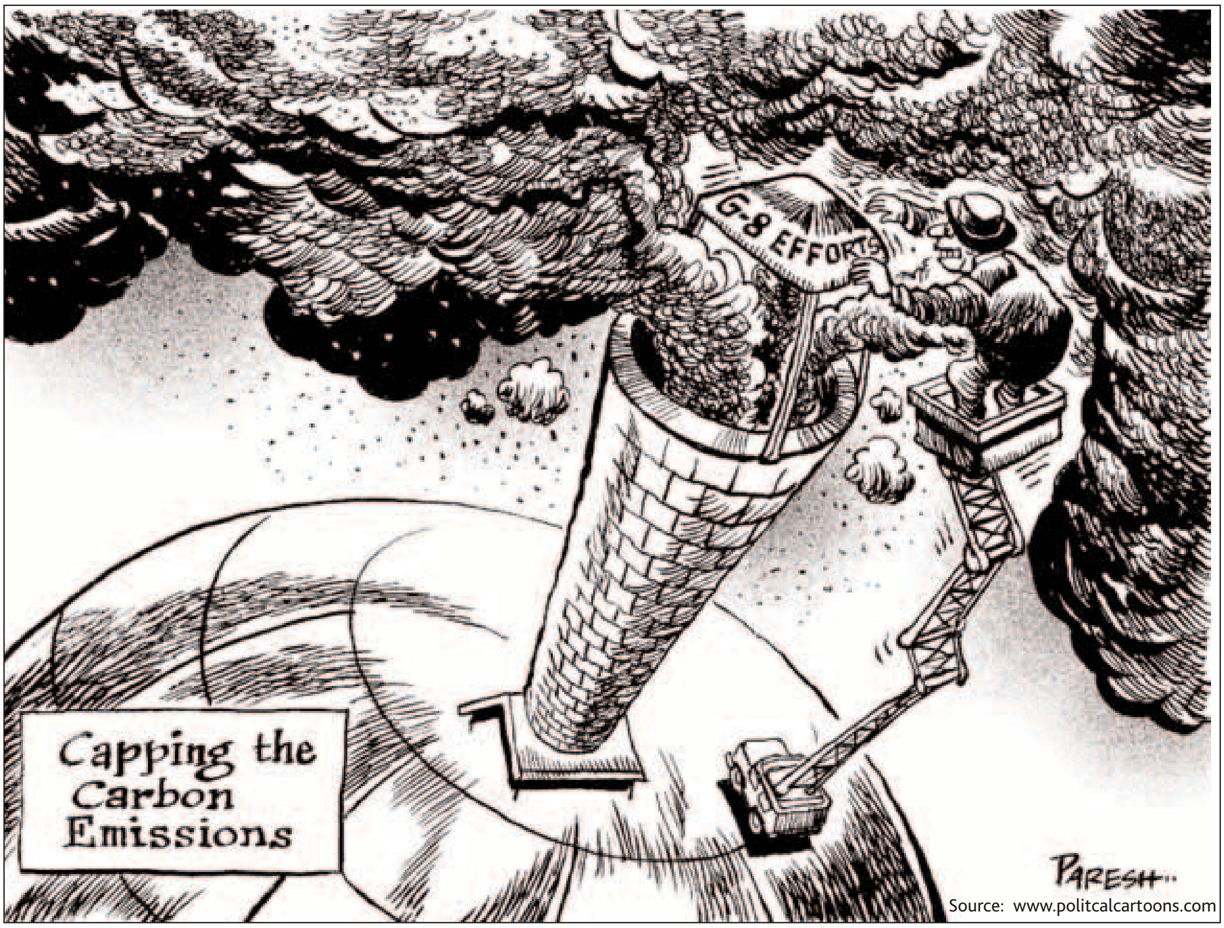
UBS estimates that total GPS-enabled units will grow to more than 450mil in 2010 from 9mil in 2002 and 32mil in 2006. While the key growth driver has so far been automotive (navigation devices in the car), we believe that the mobile handsets market will stimulate enormous growth for GPS applications.

Increased miniaturisation of semiconductors and improvements in power management are contributing to the development of new services such as the integrated GPS functionality in a mobile phone. Technology is becoming increasingly more accurate and the number of applications more disparate. Major beneficiaries of these trends will be mobile phone manufacturers, component makers, application providers and telecom operators. The Fund has positions in a number of these players including Samsung Electronics, AAC Acoustic, LG Electronics, Nokia and Ericsson.

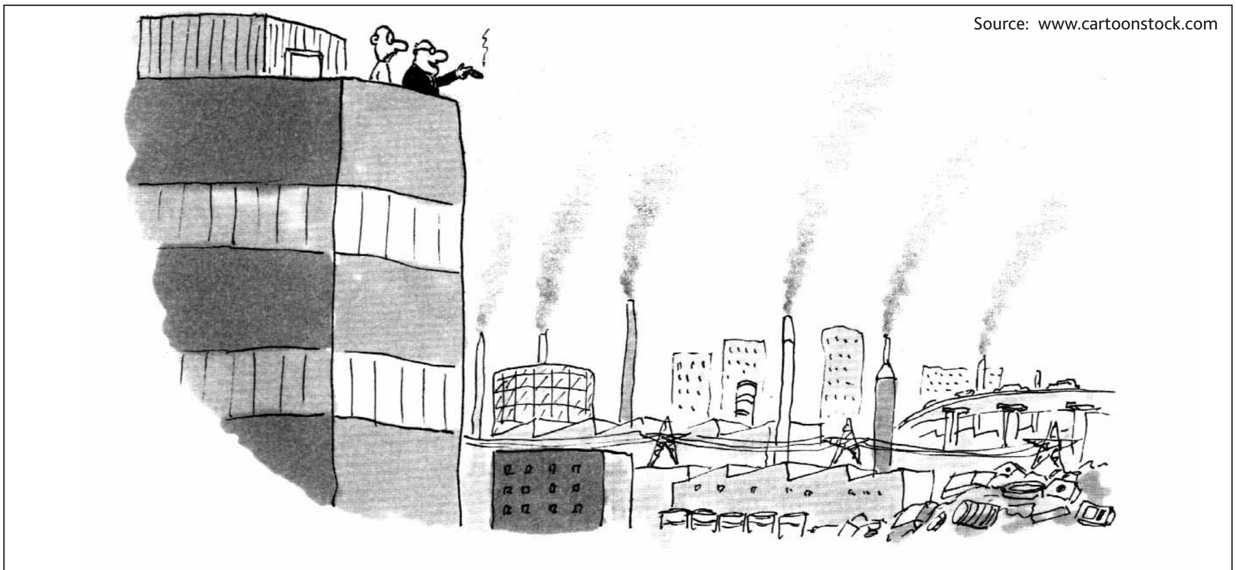
OUTLOOK

The Fund remains invested along the lines of our favourite themes. Capital expenditure for next generation wireless networks remains the most important one (>10%) followed by growing penetration of flat panel TVs (8%), broadband (8%) and software upgrades (7%).

While the US consumers may have started slowing down due to the well-reported excesses in their domestic real-estate market, we are optimistic about the future prospects of our selected themes. Current trends on LCD TVs, next-generation mobile networks, broadband and software spending are not a western-only phenomenon, but part of a secular wave which is also accelerating in less-developed countries.



Source: www.politcalcartoons.com



Source: www.cartoonstock.com

"Think of it not as pollution, but as the fragrance of prosperity."

Source: www.cartoonstock.com

Source: www.cartoonstock.com

NOTES

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

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

Platinum International Fund:
Inception 1 May 1995, MSCI All Country World Net Index

Platinum Unhedged Fund:
Inception 31 January 2005, MSCI All Country World Net Index

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

Platinum European Fund:
Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:
Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:
Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:
Inception 18 May 2000, MSCI All Country World Information Technology Index

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

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

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

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

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

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around $22 billion, with over 20% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders. The emphasis of the organisation is on managing clients' money rather than gathering funds: we have no sales staff and pay no inducements to promoters of our funds.

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

INVESTOR SERVICES NUMBERS

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

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

0800 700 726

(New Zealand only)

OR VISIT US AT OUR OFFICE

Level 8, 7 Macquarie Place, Sydney.

* Please refer to page 2.