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 2009

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

Platinum® ASSET MANAGEMENT

Front cover photograph: Photolibrary

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

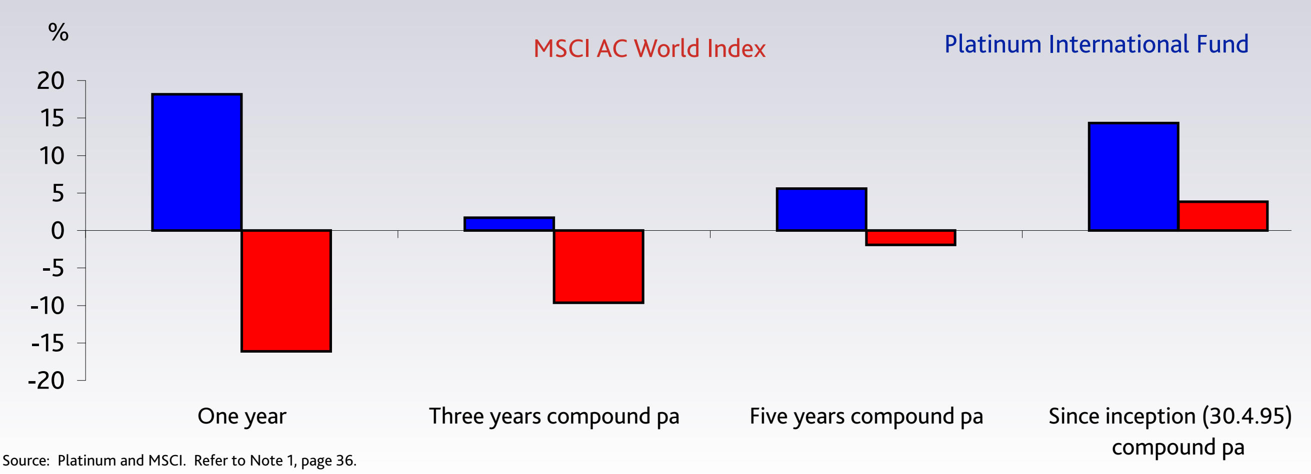
PERFORMANCE RETURNS TO 30 JUNE 2009

FUND	PORTFOLIO VALUE (POST 30 JUNE DISTRIBUTION)	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$6,920m**	**8.7%**	**18.2%**	**-0.4%**	**1.7%**	**5.6%**	**14.3%**
MSCI AC* WORLD INDEX		5.1%	-16.1%	-18.0%	-9.6%	-1.9%	3.8%
UNHEDGED FUND	**$50m**	**17.1%**	**5.1%**	**-5.0%**	**1.0%**	**-**	**9.1%**
MSCI AC WORLD INDEX		5.1%	-16.1%	-18.0%	-9.6%	-	-1.7%
ASIA FUND	**$2,709m**	**19.0%**	**10.3%**	**-0.4%**	**9.4%**	**19.9%**	**22.0%**
MSCI AC ASIA EX JAPAN INDEX		15.9%	-2.7%	-9.9%	1.0%	9.0%	11.5%
EUROPEAN FUND	**$154m**	**17.9%**	**-5.8%**	**-15.3%**	**-5.4%**	**2.0%**	**10.3%**
MSCI AC EUROPE INDEX		8.2%	-23.7%	-22.2%	-11.2%	-0.7%	-1.7%
JAPAN FUND	**$412m**	**12.3%**	**30.8%**	**0.4%**	**-3.0%**	**4.7%**	**16.1%**
MSCI JAPAN INDEX		**5.7%**	-8.7%	-15.8%	-12.7%	-3.5%	-1.1%
INTERNATIONAL BRANDS FUND	**$363m**	**12.9%**	**11.0%**	**-6.2%**	**-1.2%**	**8.2%**	**11.6%**
MSCI AC WORLD INDEX		5.1%	-16.1%	-18.0%	-9.6%	-1.9%	-4.9%
INTERNATIONAL HEALTH CARE FUND	**$13m**	**3.6%**	**3.0%**	**-5.9%**	**-4.2%**	**-0.8%**	**0.5%**
MSCI AC WORLD HEALTH CARE INDEX		-5.5%	1.7%	-9.4%	-6.9%	-2.7%	0.3%
INTERNATIONAL TECHNOLOGY FUND	**$37m**	**16.5%**	**23.4%**	**0.0%**	**1.9%**	**3.3%**	**8.4%**
MSCI AC WORLD IT INDEX		3.8%	-7.4%	-13.5%	-6.6%	-4.3%	-13.3%

*Morgan Stanley Capital International All Country

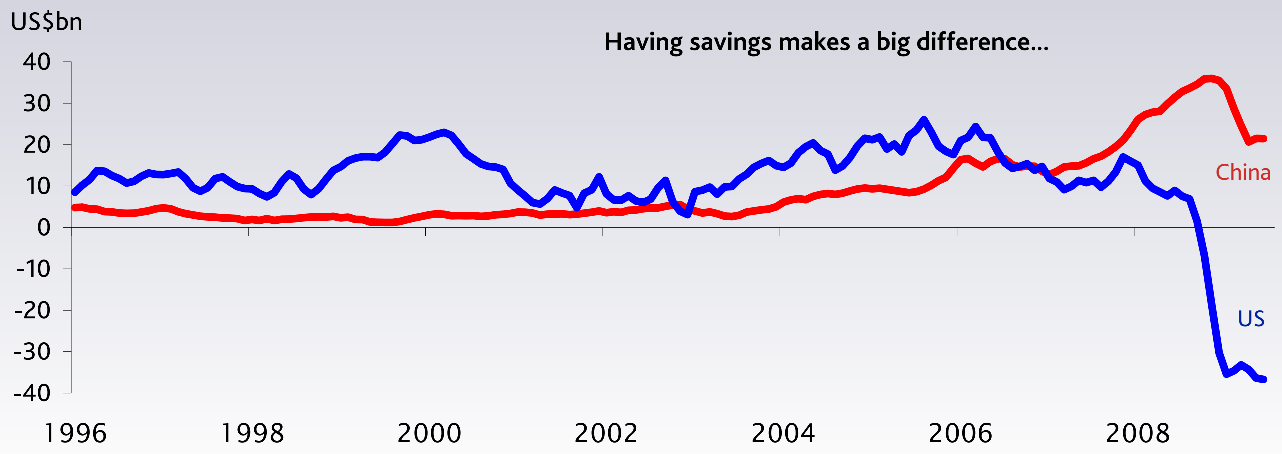
Source: Platinum and MSCI. Refer to Note 1, page 36.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 30 JUNE 2009



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

CHINESE RETAIL SALES (12 mth change)

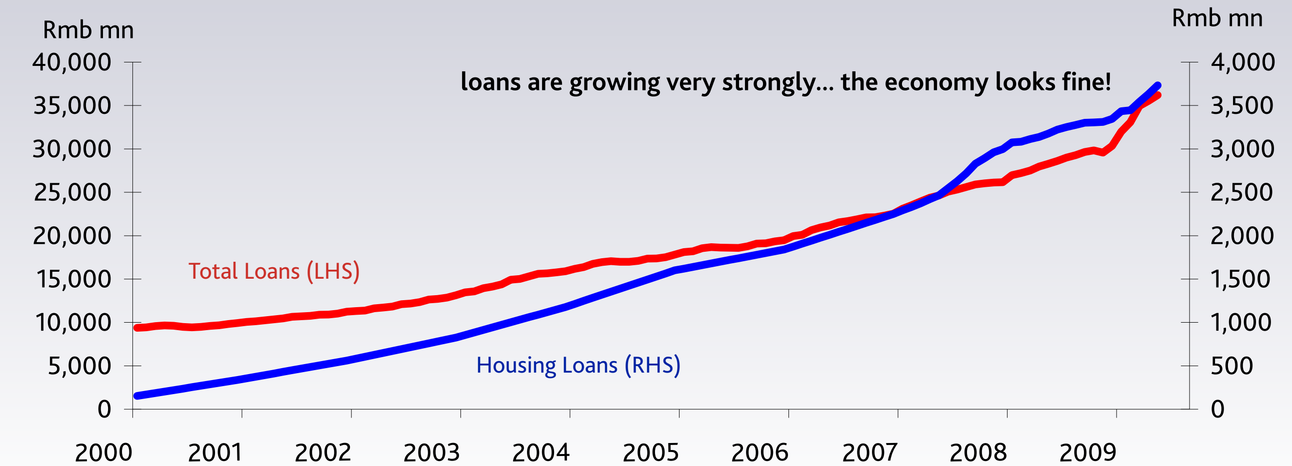


Source: Bloomberg, BLS, NBS; Morgan Stanley Research

CHINESE EXPORTS AND EXPORT ORDERS

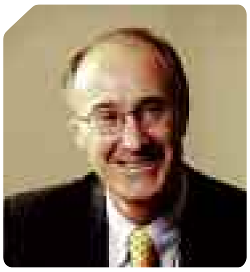
Source: NBS, CLSA; Morgan Stanley Research

CHINESE MORTGAGE LOANS AND TOTAL LOANS



Source: CEIC

PLATINUM INTERNATIONAL FUND



Kerr Neilson
Managing Director

PERFORMANCE

The mood of investors brightened as the realisation set in that the downward spiral of activity, attributable to a massive but short-lived de-stocking event, would be arrested by concerted government deficit spending. The measures adopted are unprecedented with government transfers augmenting incomes and asset purchases greatly assisting the resuscitation of bank and company balance sheets. The spreads on corporate paper shrank and money moved away from government bonds towards higher risk assets.

World stock markets came tearing out of the blocks this second quarter led by the emerging markets. Countries such as India, Indonesia and China were particularly strong, being identified as having less vulnerability to external factors than the developed economies. In the earlier sell-off these same markets had borne the brunt of selling as fund managers, and hedge funds in particular, sought to raise cash in ever dwindling pools of liquidity. The developed markets were also lively with those industries most adversely affected in the preceding quarter such as financials, home builders and other economically sensitive companies recovering the most. The trading floor describes this as 'putting the risk trade back on!' but interestingly, after the initial surge in April, there was a flattening out as the quarter progressed.

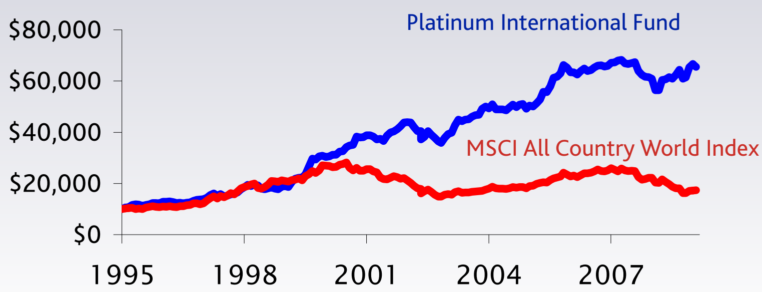
The Fund has performed very strongly because of our successful stock picking and heavy exposure to Asia. In fact, in each geographic area we outperformed the index by a handsome margin despite surrendering some of that gain to the losses made on the shorts and

MSCI WORLD INDEX SECTOR PERFORMANCE (A$)

SECTOR	QUARTER	1 YEAR
FINANCIALS	20%	-21%
MATERIALS	10%	-33%
INDUSTRIALS	7%	-22%
CONSUMER DISCRETIONARY	6%	-6%
INFORMATION TECHNOLOGY	4%	-7%
ENERGY	2%	-29%
UTILITIES	-1%	-16%
CONSUMER STAPLES	-1%	2%
TELECOMMUNICATIONS	-3%	-9%
HEALTH CARE	-6%	2%

Source: MSCI

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 30 JUNE 2009



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

by having a large cash balance necessary to service the annual distribution. Overall, the Fund outperformed the MSCI by 3.6% for the quarter, 12.7% for the six months and some 34% for the year.

In absolute terms the Fund rose by 8.7% for the quarter, 6.8% for the six months and 18.2% for the year.

CURRENCIES

The A$ has been a star performer since the beginning of 2009. The ideal position would have been to be fully hedged back into the A$ out of the Yen, US$ and Euro. In the six months to 30 June 2009, the A$ has appreciated respectively by 26%, 23% and 13% against these currencies.

We at Platinum have been far too conservative, believing that Australia's overseas indebtedness would weigh heavily on the exchange rate even though our government's indebtedness is negligible and our banks are relatively sound. As it happened we held only about 30% in the A$.

By the end of the quarter, we had reduced this to 25% of the portfolio, the concern being that as the pro-growth trade loses momentum, the A$ will lose some support. The disposition of currencies is shown in the table below.

CURRENCY POSITION

REGION	JUN 2009
EUROPE (EURO, NORWEGIAN KRONER)	**29%**
AUSTRALIA	**25%**
ASIA (HK$, TAIWANESE $, KOREAN WON ETC)	**22%**
NORTH AMERICA	**15%**
JAPAN	**9%**

Source: Platinum

SHORTING

We entered the quarter with the lowest short position for years.

Fortunately the defensive names that constituted the bulk of our shorts barely moved up as investors used them as funding to purchase more economically sensitive entities. As this occurred, we began to shift the positions out of defensives into more cyclical stocks, the latter having been significantly revalued in relation to defensives. We further believed that the current climax would be accompanied by the defensives gaining more support.

At quarter end, our shorts represent 18% of the portfolio and are mainly in economically sensitive companies.

CHANGES TO THE PORTFOLIO

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
EUROPE	**22%**	**21%**
NORTH AMERICA	**21%**	**22%**
ASIA AND OTHER	**20%**	**20%**
JAPAN	**17%**	**19%**
CASH	**20%**	**18%**
SHORTS	**18%**	**19%**

Source: Platinum

There is not much outward change in the portfolio as the transactions have been largely in smaller holdings. Several purchases that were made into the teeth of the sell-off subsequently climbed precipitously and were discarded. These included China Mengniu Dairy, which we described in March regarding melamime contamination, and which then doubled, Wumart (China retail), Mosaic (fertiliser), Metso (plant engineering), Corning (substrate glass and poly silicon) and Rohm (analog chips). The money was redirected into our larger holdings. The top 20 holdings now account for nearly 40% of our longs.

A large company, with very interesting prospects that was added, is China Resources Enterprise. This is a

Hong Kong listed subsidiary of a state owned enterprise (SOE) with diverse interests in supermarkets and hypermarkets, beverages (beer and bottled water), rented commercial property and infrastructure. The businesses that caught our attention were retailing and beer. Both have been increasing sales in the high teens and profits are starting to follow. Both areas are highly competitive and though we have reservations about the business acumen of many SOEs, the group has teamed up with a highly experienced partner in beer, namely SAB Miller. In retailing they are following a model of trying to dominate specific regions and with the help of experts lured from experienced international competitors, seem to be building a successful business. The company is not a complete gift being priced on say 17 times this year's earnings and 1.5 times book, yet the profit potential of its consumer businesses is alluring.

PLATINUM INTERNATIONAL FUND - TOP 20 STOCKS

STOCK	INDUSTRY	JUN 2009
MICROSOFT CORP	TECHNOLOGY	3.6%
MITSUBISHI UFJ FINANCIAL	FINANCIAL	3.3%
CISCO SYSTEMS	TECHNOLOGY	2.7%
SIEMENS	ELECTRICAL	2.5%
DENSO CORP	AUTO	2.2%
HUTCHISON WHAMPOA	TELCO/TRANSPORT	2.1%
BANGKOK BANK	FINANCIAL	2.1%
HENKEL KGAA	CONSUMER	2.0%
HENDERSON LAND DEV	PROPERTY	1.9%
SAMSUNG ELECTRONICS	ELECTRICAL	1.9%
SANOFI-AVENTIS	HEALTH CARE	1.7%
ANGLOGOLD ASHANTI	GOLD	1.7%
MICRON TECHNOLOGY	TECHNOLOGY	1.7%
INTERNATIONAL PAPER	PULP/PAPER	1.5%
BMW	AUTO	1.5%
VEOILA ENVIRONNEMENT	UTILITY	1.4%
MERCK & CO	HEALTH CARE	1.4%
JOHNSON & JOHNSON	HEALTH CARE	1.4%
AES	UTILITY	1.3%
OBAYASHI CORP	CONSTRUCTION	1.3%

Source: Platinum

COMMENTARY

Being conscious of the fact that most readers have probably had their fill of media coverage of the "world economic crises", we will try to follow a different course. Before we do though, let's remind ourselves of important observations made in our earlier communications:

- We are in uncharted water and cannot know how the individual will respond to the uncertainties.
- The fiscal and monetary response by a host of nations is unprecedented in scale and scope and is partially experimental.
- The de-stocking cycle that probably bottomed-out in the first quarter of 2009 led to unbounded fear, even panic, and this was expressed in a collapse in the valuation attributed to risk assets; shares, commercial paper and property.
- While reassuring, the recent rally in risk assets does not necessarily mean the system is healed and that the pattern of the last thirty years is about to resume. As we noted last quarter, the banks are mostly bereft of equity, profits had reached extreme levels world-wide and trade imbalances need to be redressed.
- Those countries with strong fiscal balances and high savings are likely to recover the quickest.

As we write, the conventional view is that the emerging countries of the world are best placed to drag the "world train" out of the shunting yard.

Among the people we met in Beijing on a recent trip to China was a well-regarded Chinese economist who had served the IMF in various postings around the world. He felt the stimulus package of Rmb 4 trillion (some 25% of GDP), together with the massive growth in bank lending, being up 30% year-on-year in the first six months of 2009, would allow China to decouple from the industrialised countries. Also, that the changing destination of Chinese exports to Asia, Africa and Latin America would compensate for the weak demand elsewhere.

When talking about prospects for growth, among the other BRIC (Brazil, Russia, India and China) economies he assured us that India's prospects were sub-par on account of its inadequate infrastructure. This notion has great appeal for those who go to India frequently, as we do, but **it is all about "perspective".** While true in a bland sense, it is a fact that India has a strong judicial system (cumbersome and creaky though it may be) and a representative system of government. This is still a dream for China. Whether a modern capitalist economy needs representative government is for readers to judge but what is surely not in dispute is the need for a sound judicial system.

This **difference in perspective** recurred on several occasions during our ten day visit. The most striking was the meeting with investor relations from China South Locomotive and Rolling Stock Corp (CSR). This recently listed SOE, together with its still unlisted northern twin, the CNR, are the principal beneficiaries of the massive infrastructure programme just launched by the Central Government. Sadly for us, the meeting started on the wrong foot when we asked why we should share the general enthusiasm for the company's profit prospects. Closer inspection of the presenter's business card would have revealed that apart from being a board member he was also head of the CPC department of propaganda. Our lack of **perspective** worsened when we persisted in delving into the terms and conditions under which foreign giants like Siemens are required to transfer their technology in order to gain access to that market. Not that we are unsympathetic to a reversal of roles harking back to the days of the *treaty ports*[1], but the divergence of views on protectionism and selection on grounds other than commercial merit was a source of great anguish. We each came away confused about the other's "real agenda". Our take was that there will be a lot of trains built but the sort of profits the brokers are projecting is probably unrealistic.

With the banks having been instructed to lend copiously, credit is exploding in China in marked contrast to the developed world where credit growth is slowing, notwithstanding government urging, and delinquencies have reached record levels. Interestingly, anecdotal evidence from those Chinese who do not face the daily abuse of markets, fear that this will lead to inflation. Property speculation is snowballing into a frenzy. As in Hong Kong, land development in China requires the payment of a development premium governed by size of the approved floor space (square meters built). The price levels of recent land sales in Beijing are astounding observers. In the most recent auction, a site close to the fourth ring road[2] went for Rmb 15,000 per m^2. Considering that building costs of medium grade residential property are approximately Rmb 4,000 per m^2, the bidder, an SOE, is evidently banking on substantial price appreciation in order to break even. The same pattern is occurring in the other major cities and there is a massive revival of interest in the HK property scene[3].

The most encouraging aspect of this development activity is the insistence by the authorities that development is accompanied by ample green space. Calculated at 60% of each site area, it is resulting in Beijing being an unusually green metropolis. Few modern cities have achieved this balance but each time one visits Beijing, one is reminded of the success of the town planners to have at least embedded the amenities that are rare in great conurbations. Returning to **perspective**, it was salutary that our broker thought it was a waste of space!

1 Generally accompanied by military superiority/victories in the nineteenth century, the Western powers entered into unequal treaties in countries such as Japan, Korea and China to gain access to their markets.

2 The fourth ring road built in 2001 is about 8kms from Tiananmen Square. The farthest complete ring around the city is the sixth ring, about 18kms from the centre.

3 Top end residential property in both Shanghai and Beijing is certainly no longer cheap with prize locations, say within the second ring road in Beijing, selling for Rmb 50 to 60,000 per m^2; over A$10,000 per m^2. This contrasts with the average residential selling price recorded in the first five months of 2009 of Rmb 4,450 m^2 for China as a whole and around Rmb 11,300 per m^2 for the first tier cities of Beijing, Shanghai, and Shenzhen in the New Territories. The average for Hong Kong is HK$45,000 per m^2 and the top end is 3 to 5 times this figure.

OUTLOOK

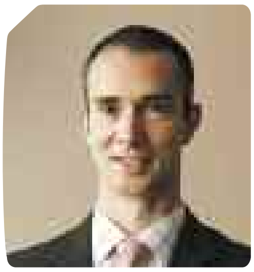
Markets have rallied strongly in response to the realisation that the world is no longer looking over the edge of an abyss. Growth will remain a challenge for most Western countries; the emerging economies will probably do somewhat better though burdened by weaker exports. With this in mind we are puzzled by the strength of commodity markets and believe they are being driven by short-term anomalies which include strategic stockpiling, in a world where most currencies are suspect.

Coming off depression-like levels, profits will improve but utilisation levels are unlikely to be strong, meaning that the recovery to the super profits of earlier years is remote. The most encouraging aspect of all this uncertainty is that there are still plenty of opportunities to find companies that are priced below their potential. Such investments are not confined to those areas of the world that are likely to grow strongly, for, as usual, the **perspective of investors** is being unduly influenced by the story rather than the reality. There are companies that while registered as having their head offices in Europe or America, do in fact derive a great part of their activities in emerging economies. The principal difference is that they are not being priced as highly.

We have adopted a relatively cautious stance with part of the portfolio being able to benefit from the liquidity that is being funneled into the system by central bank largesse, yet at the same time we are delighted at the price at which we can acquire companies of unusual quality and that are relatively low risk.

The unfolding of this unique episode in world economic history is likely to be long and arduous. If it turns out better than we presently believe, we suspect those companies sensitive to world growth will carry those with more defensive qualities and high recurrent dividend yields. We will use shorts to exploit the anomalies that are being created by those investors who believe that it was all a bad dream and that the system is nearly fully repaired.

PLATINUM UNHEDGED FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

PERFORMANCE (compound pa, to 30 June 2009)	QUARTER	1 YR	3 YRS	SINCE INCEPTION
PLATINUM UNHEDGED FUND	17%	5%	1%	9%
MSCI AC WORLD INDEX	5%	-16%	-10%	-2%

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

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

- Asia ex-Japan/Hong Kong 13% (14%), including Thailand, Korea, Taiwan and Malaysia.

- Hong Kong listings 12% (11%), largely China consumption exposures (eg. property and retail).

- Energy and "Green" Technology 12% (14%), a long duration theme.

- Japanese domestic 11% (9%), banks, property, transport etc; Japan is one of the few developed economies where consumers remain relatively ungeared and investment preferences, driven by rising inflationary expectations, can change for the better ie. away from deposits and bonds, towards equities and property.

- Technology 11% (14%) eg. Microsoft, Micron Technology etc.

- Cash proxies 8% (4%), typically high yield, cash generative businesses eg. telcos and pharma.

- Gold 7% (9%), a deflation and inflation hedge.

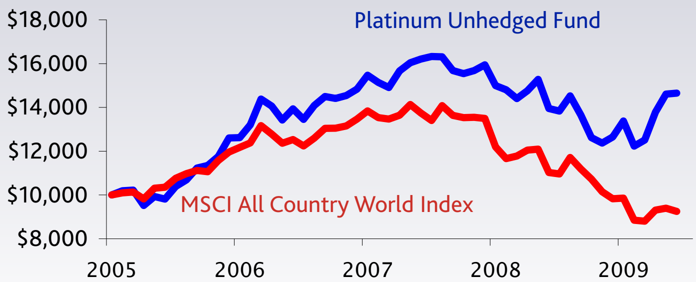
- Global Infrastructure/Energy capex related 5% (6%), a combination of the BRICs (Brazil, Russia, India and China) emerging requirements and the need to "renew" key parts of Western public infrastructure.

- Pulp and Paper 4% (3%), key neglected part of the commodities complex.

DISPOSITION OF ASSETS		
REGION	JUN 2009	MAR 2009
ASIA AND OTHER	33%	33%
JAPAN	23%	23%
NORTH AMERICA	21%	22%
EUROPE	12%	15%
AUSTRALIA	1%	1%
CASH	10%	6%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
31 JANUARY 2005 TO 30 JUNE 2009



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

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the last 12 months the Fund rose 5%, outperforming the MSCI All Country World Index (A$) benchmark by 21% and over the past quarter the Fund rose 17%, outperforming the benchmark by 12%. Since inception, the return of the Platinum Unhedged Fund is +9% compound pa versus a 2% pa decline in the MSCI.

The Fund performed strongly in both a relative and absolute sense. In the December quarterly we conveyed how the Fund had been positioned for a strong performance in the more cyclical parts of the market (eg. technology, commodities, property) versus defensive areas (eg. utilities, telcos and pharma) and that we had concentrated our bets in Asia. This positioning has continued to work. Accordingly, the major investments/ideas that made money this quarter include:

- Asia ex-Japan consumption plays eg. Henderson Land, Soho China, Genting, Bangkok Bank.

- Alternative energy plays eg. Wacker Chemie and Veeco Instruments.

- Cyclicals eg. pulp and paper stocks.

The only major investments/ideas that cost money this quarter were our gold stocks.

As the market rally continued, we slowly decreased our equity weighting from 94% to 90%. We reduced the cyclical bet within the portfolio by selling technology/capital equipment stocks (eg. Yokogawa, Nippon Electric Glass, JGC) and alternative energy (eg. Wacker Chemie). Given the mandated requirement to have at least 90% exposure to equities, the proceeds were redeployed into undervalued defensive areas like telecommunications (eg. NTT Docomo, KDDI and Chunghwa Telecom) and pharma (eg. Merck & Co). Within our large Asia ex-Japan consumption stock position, comprising some 25% of the Fund, we marginally reduced direct exposure to property in preference for a longer duration growth story in China Resources Enterprise, one of China's leading retailers and breweries.

OUTLOOK

The Fund maintains a large bet in Asia at the expense of the developed world markets of North America and Europe. We spent the last quarter casting our net extremely wide in search for new opportunities – this included two weeks of company visits in Japan and a week and a half in China. Clearly the Chinese authorities are pulling out all stops to ensure the slow-down in the export sector does not morph into generalised economic malaise (in stark contrast to Japan, where, for better or worse, the authorities seemed to have surrendered to circumstance). The year-to-date Chinese credit growth of 30% is astounding in its scale – and clearly some of this liquidity is seeping into asset prices rather than productive investment. We sense there are some clear similarities to what is happening in China now to what happened in Japan in the mid-to-late 1980s and the Asian tiger economies in the early-to-mid 1990s. It's interesting that neither Japan nor the Tiger economies post-bubble managed to evolve to domestic consumption-led development models – longer term, this is the big challenge facing China – empowering consumers, many of whom remain subsistence farmers, within the context of a centrally controlled political system. However, the scale of what is happening in China has the potential to dwarf these two previous "bubble" events.

In terms of perspective, it's worth looking at just one of the current Chinese infrastructure investment programs. In 2004, the Ministry of Rail (MOR) announced a program to build 12,000km of high speed rail by 2020. As a point of reference, Japan built its entire 2,500km Shinkansen network over twenty years from 1960 to 1980. Recently, as a part of the RMB4TR (US$600bn) stimulus package, the government significantly upgraded its already ambitious targets to 13,000km by 2012 and 16,000 by 2020. China is building a high speed rail network 5x the size of Japan's in a quarter of the time. This sort of accelerated investment program will cause distortions (creation of marginal steel capacity, cement, etc).

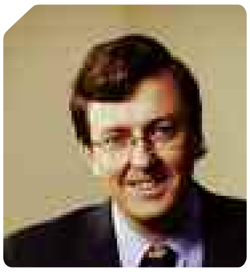
Given the population and land area of China relative to Japan, there is nothing surprising in the scale of the project – however, the compression of the time target is impressive.

What's even more impressive is the way China (via the MOR) deals with the Western suppliers of key technologies required for the project. The MOR acts as a clearing house for the key train component technologies; foreign "partners" tender and the MOR acquires the technology license and transfer agreement (eg. traction motor, transformer, brakes etc) and in return the supplier (eg. Siemens, Kawasaki, Alstom) will be guaranteed a certain amount of business, whilst almost all the trains themselves are assembled in China. However, there seems to be an implicit agreement that over time the technology is fully transferred to a local partner selected by the MOR (typically, China South or China North Locomotive). What isn't clear though are what rights are attached to the transferred intellectual property and whether the Chinese have access to the next generation of technology (getting a clear answer on this from the Chinese was somewhat Kafkaesque). We suspect that where the technology is mature, the Chinese will go it alone on the next generation of equipment; otherwise they will remain somewhat dependent on Western suppliers.

Total infrastructure spending represents approximately 40% of the Chinese Government's fiscal stimulus program. This is in contrast to certain Western economies where the bulk of government stimulus has funded continued consumer comfort (home buyer grants, "plasma" bonuses) or rushed investment, rather than considered long-term infrastructure programs.

Whilst it's tempting to say that the Asian markets have moved too far too quickly, looking at valuations and growth rates, many of our holdings remain fundamentally attractive. The weighted average price to book of the Unhedged Fund's Asian holdings is 1.3x, this compares to 1.9x for North America holdings and 1.6x for Europe – that is, even though our Asian holdings are outperforming, they are still relatively cheap.

PLATINUM ASIA FUND



Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 30 June 2009)	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	**19%**	**10%**	**9%**	**20%**	**22%**
MSCI AC ASIA EX JP INDEX	**16%**	**-3%**	**1%**	**9%**	**12%**

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

The Asian stock markets staged a spectacular rally during the quarter rising 30%, though due to the appreciation of the A$ this was reduced to 16% in A$ terms. Strong loan growth in China provided clear evidence of a recovery in that economy as did a significant pick in residential property and auto sales. A stabilisation in exports across the region also gave investors confidence that the worst of the economic decline had been seen. India was the best performing market in the region (up 51%) as a result of a surprise election result that saw the Congress party strengthen their grip over government. Also India, due to the country's external deficits, benefited more than any other country in the region from improving conditions in global credit markets.

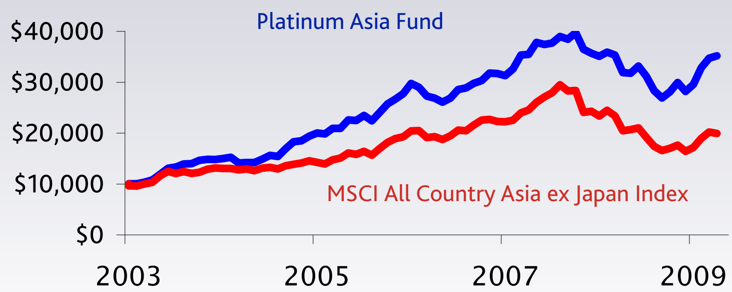
Amongst the best performing stocks in the Fund was Dongfeng Motor Group (China) which benefited from strong sales of motor vehicles, particularly in the smaller car segment where government subsidies have been put in place to encourage purchases. The stock price increased by over 60% during the quarter and has now appreciated over four fold from the lows of October last year. Astra International (Indonesia, motor vehicles, construction equipment, palm oil) was another strong performer (up 67%) as higher commodity prices gave

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
CHINA (LISTED EX PRC)	**18%**	**21%**
HONG KONG	**9%**	**10%**
CHINA (LISTED PRC)	**5%**	**8%**
TAIWAN	**8%**	**9%**
GREATER CHINA TOTAL	40%	48%
THAILAND	**9%**	**9%**
KOREA	**9%**	**13%**
MALAYSIA	**7%**	**7%**
SINGAPORE	**6%**	**5%**
INDONESIA	**5%**	**4%**
PHILIPPINES	**3%**	**3%**
INDIA	**1%**	**1%**
CASH	**20%**	**10%**
SHORTS	**0%**	**0%**

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 JUNE 2009



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

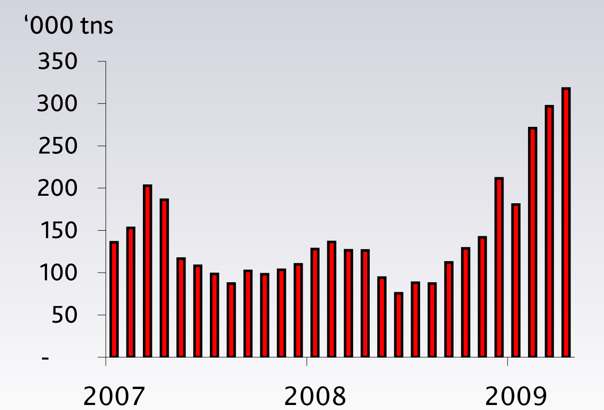
investors confidence that the company's various business units would perform better than previously expected. Bangkok Bank (Thailand) moved up over 45% as banking stocks around the region generally benefited from improved economic prospects. Finally, the Fund's 20% to 25% exposure to the A$ during the quarter helped to reduce losses from the appreciation of the currency.

CHANGES TO THE PORTFOLIO

The Fund has slowly been adding to its cash position over the quarter as holdings in a number of strongly performing stocks have been trimmed. Stocks that have been sold during the quarter included LG Corp, the Korean holding company of LG Electronics, which has had surprisingly good sales of its mobile handsets. Positions in Dongfeng Motors and Astra International were reduced as a result of their strong performance.

New holdings included China Resources Enterprise, a diversified holding company. Amongst its key businesses is a brewing joint venture with SABMiller which has been successfully expanding its market share across China, with its "Snow" brand beer now the largest seller in the country. The Fund also purchased shares in Hongkong Land, a property investment company with a portfolio of prime Hong Kong office property.

CHINESE IMPORTS OF COPPER



Source: CEIC, Antaike, Credit Suisse estimates

COMMENTARY

The most notable feature of the regional economic landscape this quarter has been the extraordinary growth in bank lending in the Chinese economy. As we have noted over the last 12 months, China's slowdown had been as much induced by tight monetary and fiscal policy in an attempt to deal with inflation, as it had been by the collapse in exports. The reversal of this policy stance in the second half of last year has had a dramatic outcome with bank credit growing at an annualised rate of 47% in the first six months of 2009. There is broad evidence of a domestic recovery with car sales growing (helped along by sales tax cuts for small vehicles) by 48% (versus a year ago) and the sales volume of residential properties returning to the peak levels of 2007. The clearing of excess residential property inventories, together with better access to capital, has provided property developers the confidence to return to the market and add to their land bank. "Animal spirits" would appear to have been well and truly awakened, and all this before there has really been any impact from increased government spending on infrastructure projects.

The rapid increase in lending does raise concerns about a potential misallocation of resources. As a potential example, we would note that cement industry capacity is slated to hit 2.1 billion tonnes of capacity by the end of 2010, and even though a few hundred million tonnes of capacity may be old, inefficient plant, it is still an extraordinary level of supply. By comparison, Thailand with a population of 60 odd million people utilises just over half the 60 million tonnes of cement capacity that was created during that country's boom in the mid-nineties. Although elevated levels of demand can remain for some time, one would think it likely that much of the cement capacity being built in China today will struggle to earn a decent return on investment over the life of the plant. Similar observations can be made across a range of industries from steel to aluminium.

Clearly there are also areas such as infrastructure (for example, the rail network) where significant new investment makes perfect sense. However, the simple observation is that when money is as readily available as it is today in China, mistakes will be made. Indeed it is hard to understand how such a rapid increase in lending can be achieved without a significant lowering of credit standards by the banks and the compromising of loan approval processes. Nevertheless, to worry about the potential bad debts that might (or will) arise as a result of the current lending boom risks looking too far over the horizon and missing the more immediate investment boom. If there is one key risk to this new investment cycle in China, it would be the re-emergence of inflation which could trigger a change in monetary policy. This would seem only an outside chance as subdued global economic growth suggests rising food and energy prices are unlikely to be a problem for some time.

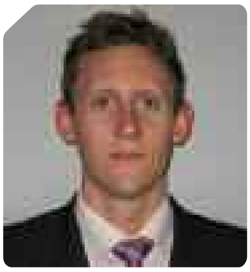
The fact that the Chinese economy is looking to be back on a solid footing doesn't make investing in the country a one way bet. Share prices have rallied significantly, and although generally valuations haven't reached the excited levels of 2007, there are few bargains to be had. There will remain problem areas in the economy such as the export sector which is unlikely to recovery strongly and the development of excess capacity builds in some industries (such as cement) will result in disappointing profits.

Also, the government's interference in the economy will lead to some odd outcomes at times. During the first half of 2009, the government entered into local commodity markets and built stockpiles across a range of commodities in what appeared to be an attempt to lessen the balance sheet strain of Chinese producers. The result was that Chinese prices traded at a premium to international levels and subsequently imports increased substantially as traders sought to take advantage of the price differential. The process appears to have been partially facilitated by the easy availability of credit. Whether or not the country's additional stockpiles are now consumed as investment spending increases over the next 12 months may have a significant effect on global commodity markets. Just as China's economic growth picks up, global commodity investors may perversely face weaker commodity markets.

Elsewhere, the Indian federal election had a surprising outcome with the Congress Party being returned to government with an increase in its number of seats. Expectations had been that government for either Congress or the BJP, could only be possible by forming a coalition with rapidly rising third parties, partnerships from which little was expected. Proving that elections are probably even less predictable than markets at times, Congress instead improved their position which should allow them to increase the pace of reform. This is an improvement in the India story longer term as undoubtedly the biggest detraction, when compared with China, has been the country's relatively slower pace of change.

It would appear that some of the Asian economies have at last achieved (at least in part) the much awaited "decoupling" from global growth. In particular, China, India, Indonesia, and the Philippines performed substantially better than the major developed economies over the last year. Conceivably, the other economies once they have absorbed the export shock will follow suite in the year ahead. Even the equity markets of the region, having traced out a much more exaggerated route, have completed the last 12 months well ahead of the global market, the MSCI Asia ex Japan index having fallen slightly less than 3% (in Australian dollar terms) versus a fall of 16% for the MSCI World index. This is not to say the region's economic and stock market correlation with the rest of the world has been lost, but that it gives one hope that the lack of financial leverage in these economies may well let them outperform the "indebted" West for a while to come! Finally, after the extraordinary run in Asian markets over the last few months and a return to normal valuation levels for much of the markets, one should expect a quieter (possibly negative) period during the second half of 2009.

PLATINUM EUROPEAN FUND



Clay Smolinski
Portfolio Manager

PERFORMANCE

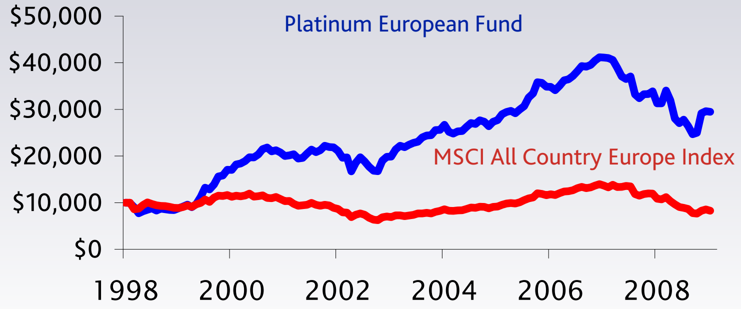
European markets rally on economic data and recovery hopes...

European markets, driven to capitulation lows in early March when presented with waves of economic data signalling a depression-like outcome, made a strong recovery throughout April and May before (unsurprisingly given the pace of the rally) tracking sideways for much of June.

Whilst the market recovery was broad, top performance was directly correlated with the sectors that had held the most fear, namely the cyclicals (steel giant ArcelorMittal +66%, cement producer Lafarge +63%, automaker Renault +68%), financials (Danske bank +90%, ING +74%) and companies that had been plagued by worries over excessive leverage (semiconductor manufacturer Infineon +193%, Pay-tv provider Virgin Media +92%). Conversely the worst performing sectors were the so-called defensives, European telcos (Vivendi -13%, Deutsche Telekom -9%), Pharma (Roche -4%, GlaxoSmithKline -2%), and some of the richly priced consumer staples names (Cadbury, flat for the quarter).

The Australian dollar continued its strength against the European currencies during the quarter. Versus the Euro, from a rate of 52 cents in April, the A$ rose 9.6% to close at 57 cents by June end, with similar performance against the Norwegian kroner (+11%) and Swiss franc (9%).

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2009



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

In Australian dollar terms, the Platinum European Fund returned 17.9% for the quarter compared to 8.2% for the MSCI All Country Europe Index. The Fund returns for the six and 12 month period were 6.1% and -5.8% respectively versus -7% and -23.7% for the Index.

COMMENTARY

Without ignoring the highly attractive valuations on offer in March, much of the returned optimism over the quarter was down to improved economic readings, driven by inventory restocking and the global stimulus plans now getting started. Most indicators, whether they be manufacturing orders, freight or labour related, whilst still weak, showed signs of stabilisation or slight improvement over the trends seen since December 2008. When viewing the tangible lead indicators, such as absolute reductions or additions in temporary staff (a useful window into manufacturing demand) it is important to note that we are not yet in *positive* territory, and this is the message coming from most companies themselves. Demand is looking better versus the start of the year, but all are timid to predict a sustained improvement.

With the debate having moved on from whether economic activity has bottomed, to now predicting the shape of the recovery to come, it was interesting to note the speed with which the market and the brokers were willing to place certain sectors (namely some of the more loved European manufacturing names) back onto valuations justified by mid-cycle profit margins. This is not an unreasonable valuation mindset in itself, however, we would warn that often we are finding that the mid-cycle margins forecast, along with the valuation multiples applied to them are conspicuously close to those seen at the peak, and well above 15 year trends! We have used this optimism as an opportunity to short one such name where we note supply shortages, caused by the synchronous global capex boom experienced over the past few years, have been the driver of strong pricing conditions rather than industry consolidation or advances in product differentiation. We suspect the reality of overcapacity will see the recovery take longer than expected.

One area that has not participated in any of the current joy has been the European professional publishers, who as a group fell -2% over the quarter. The global publishing houses such as Reed Elsevier, Wolters Kluwer and Canada's Thomson Corp, have spent the last 15 years shifting their content portfolios from a loose collection of business and consumer print assets, to now being leaders in the delivery of 'professional' content, namely the reference text and data used by the legal, medical and financial services industries. One impetus behind this portfolio shift was the emergence of the internet, and the realisation (together with the quick death of the affected products) that certain content sets could now be accessed online for free. This sparked a decade long investment both to ensure their content was indeed 'proprietary' and to shift the method of delivery from print to electronic.

We have long liked the position of the Anglo-Dutch publisher Reed Elsevier, who itself went through a similar reinvestment stage, driven by the appointment of then new CEO Crispin Davis in 1999. Today, 85% of Reed's profits are derived from their Scientific, Medical, Legal and Risk analytics divisions, all of which have unique characteristics that allow their markets to resemble oligopolies, with little evidence of fierce price competition between players and a history of steady growth.

Considerable interest has surrounded the recent appointment of new CEO Ian Smith as the successor to Crispin Davis and we shared the initial surprise of the choice of an outsider for the role. So far we are pleased to note that all communication regarding Smith's intentions exclude any 'transformational' deals, however, this certainly hasn't hindered the ever deal-loving brokers ramping up speculation about a possible merger with Wolters Kluwer.

The story around Reed is not without worries; the evaporation of merger & acquisition, and initial public offering work has seen staff cuts at law firms, academic library budgets will come under pressure and the advertising related revenues will be very weak this year. However, given a valuation of 10x 2009 earnings, the market is more than discounting the negatives and together with a 4.5% dividend yield, Reed looks attractive on both an absolute and relative basis. The Fund holds close to a 3% position in Reed.

CHANGES TO THE PORTFOLIO

Entering into April, the Fund remained reasonably fully invested (96% long, 4% short, for a 92% net exposure), whilst holding a large (72%) position in the A$. As the A$ strengthened, benefiting from a recovery in commodities and its positioning with China, its immediate relative value against the European currencies has diminished and hence we have scaled back our A$ holding. The majority currency position of the Fund post-30 June stands at 35% A$, 45% Euro and 10% Norwegian kroner.

During the quarter we took the opportunity to fully exit some of our holdings (Spanish FTA broadcaster Telecinco, automaker Fiat & Norwegian fertiliser producer Yara) where after strong price moves, we thought the market had been too quick to price in better times. New additions to the portfolio included the aforementioned Reed Elsevier, along with British pay-TV provider Virgin Media and Italian industrial cable manufacturer Prysmian.

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
BELGIUM	3%	3%
FINLAND	4%	4%
FRANCE	22%	26%
GERMANY	40%	40%
ITALY	2%	5%
NETHERLANDS	4%	4%
NORWAY	2%	5%
RUSSIA	0%	1%
SPAIN	0%	1%
SWEDEN	3%	4%
SWITZERLAND	1%	1%
UK	5%	2%
CASH	14%	4%
SHORTS	2%	4%

Source: Platinum

OUTLOOK

As Kerr illustrates in his report, from a global macro perspective the outlook is anything but certain, the circular effects of lower credit growth and higher unemployment in Western economies will certainly challenge revenue growth going forward. Despite this backdrop, at the end of the day, the specific characteristics of the businesses we invest in, together with the price paid is what *really* matters. Just as the cyclicals made good investments when being priced with the worst in mind, so too we can find modestly priced companies that, whether it is through regulatory, stimulus, or technology change, can continue to grow over the next few years.

Jiangsu builders will be fined for raising dust

By Qian Yanfeng

Many builders in Jiangsu province will be slugged with a fine for dust emissions starting today, even as some of them said they have not been warned of the new penalties.

Under the pilot project in Nanjing and Xuzhou, firms will pay at least 0.24 yuan per sq-m each month for flying dust, such as suspended and inhalable particles, and sand stones, produced on their construction sites.

However, companies will be exempt from the charges if they meet certain criteria, such as installing dustsheets.

The project is designed to reduce air pollution that has "brought harm to both the environment and people's health", according to a joint announcement from the Jiangsu environmental protection bureau and the finance and price bureau.

Wang Tijian, professor from the Department of Atmospheric Sciences, Nanjing University, said flying dust is harmful to people's health because it contributes between 40 to 50 percent of the particle matters in the air, which, if inhaled, can cause respiratory diseases among humans.

"It is also likely that industrial pollutants will get mixed with the dust, or go through chemical reactions within, and then cause hazards to the human body," he said.

Construction companies interviewed by China Daily said they had not received any notice about the policy.

Chen Wei, general manager of a Nanjing-based construction company, said if implemented the charge would be a "big burden" on contractors like him, who had already been suffering from dwindling business amid the economic recession.

"If a 10,000 sq-m construction project lasts for 10 months, it means we'll have to pay 24,000 yuan. It's huge for me. And we actually don't have much profit to make in the construction sector as sub-contractors," he said.

"We have already taken measures to reduce our footprint on the environment under previous government requirements," he continued. "For example, we would clean the trucks' tires before they leave the construction site. Isn't that enough?"

Across China, Beijing charged a fee for dust emissions in 2006 in the lead-up to last year's Olympics. Shanghai is also considering asking companies to pay for dust emissions in its bid to hold a green World Expo next year.

In Jiangsu province, businesses will be charged on a sliding scale. Housing demolition projects, for example, will be charged the highest fee because of their relatively higher level of dust emissions.

Professor Wang said the policy was a welcome sign that air pollution problems have garnered increasing attention from the authorities. "It is a good way to encourage companies to reduce their dust emissions," he added.

"Particle matters are the primary air pollutants in 60-70 percent of Chinese cities... I would encourage other cities to seriously address the problem."

Luo Taiquan, manager of another local construction company, raised his doubts on the feasibility of the policy.

"While the government's intention is good, I think it is rather difficult to implement because monitoring all construction sites will prove hard. What if they do it stealthily?

"Also, if some companies have very limited time for a project, they might choose to pay anyway instead of thinking of how to reduce pollution. So I don't think it would produce much impact upon the construction business," he said.

Son repays father's debts after 67 years

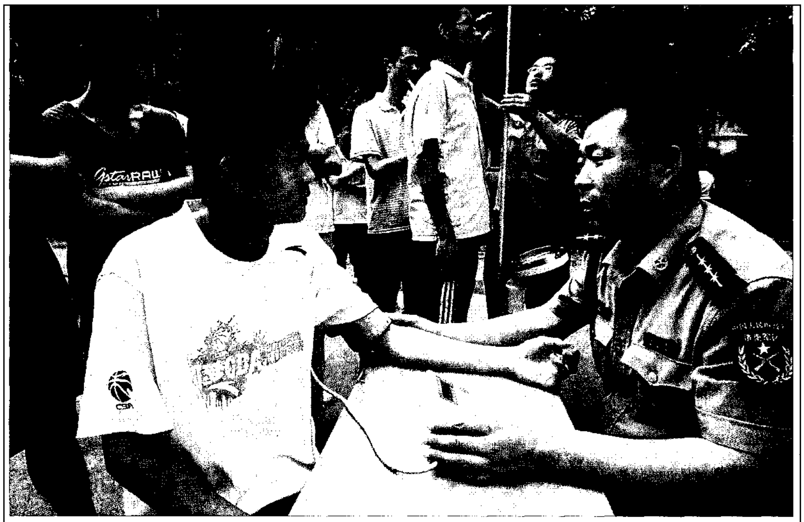
An octogenarian in Jiangxi province spent 67 years repaying his father's debts even though most people never asked for it.

His father was killed when Zheng Yidong was 17. The father operated an oil mill.

Zheng, now 84 and a poor farmer, kept his father's account book that showed he owed tung; tea-seed and rape oil to 106 people.

A year later, he began repaying one family after another although no one had asked him to do so. As time passed, some of the people who were owed, died and their offspring were moved by Zheng's honesty.

On May 19, Zheng finished all repayments that totaled 400 kg of tung oil, 200 kg of tea-seed oil and 200 kg of rape oil. He sighed: "My father is no longer a debtor in the other world."



Soldiers conduct checkups on students at Shandong Normal University on June 19 as more college students are applying to join the army. Gong Hui

College grads flocking to military

By Cui Xiaohuo

A record number of recent college graduates are considering careers in the Chinese military, and officials are happy to oblige, by opening up more than 120,000 spots for them.

Yesterday, the army completed a two-month pre-recruitment campaign for recent college graduates.

Applications in some areas have dramatically outnumbered those of previous years, but officials know that some will drop out of the military before November, the deadline for enrollment.

The government's directive allows graduates to terminate contracts with the army if they find another job.

The People's Liberation Army (PLA) created an unprecedented number of spots for the country's 6.1 million college graduates this summer in the wake of a tight job market and an economic slowdown.

Eager to modernize itself by thrusting more talents into its 2.3 million-manned armed forces, the PLA hopes to provide the graduates a career in the armed forces, a source from the Ministry of National Defense was quoted as saying by the Xinhua News Agency.

To attract young men and women, the military and the government have worked out a 2.88 billion yuan ($420 million) financial package, in which graduates receive a one-time compensation of 24,000 yuan ($3,500) to cover his or her college tuition fees and student loans.

The recruit also would be given opportunities for future promotions within the army, and also a chance to apply for and attend graduate school. Also, recruits will be given employment opportunities upon their retirement from the army.

The incentives seem to have worked, recruitment officials said.

"The application numbers and the enthusiasm have both exceeded last year," said an officer, who wanted to be named by his surname Shu, at the recruitment office in Fushun, Liaoning province. "Young people think the military and the government are doing them a favor."

Chen Jianan, director of the armed forces office at Beijing University of Technology, found that applications shot up 20 times more than last summer to more than 100.

"But the army is still just an alternative for them. It's unpredictable to see how many will stick to the army by the end," he said.

Graduates who choose the army as their first career are making a smart move, given that the jobs are both "well-paid and experience-rich," said Chen Yu, an expert on the job market who works at Peking University.

The Chinese military has raised the bar for new army recruits in recent years, narrowing the chances for those who have a less education. At minimum, a high school diploma is a necessary prerequisite for army recruits in most regions in China since last year.

Women were excluded from the pre-recruitment campaign, but will be allowed to register in the official recruitment later this year.

Snippets from the China Daily - 1 July 2009 edition

Building the strong and the fragile

The collapse of a 13-storey building in Shanghai reminds us of the story of a solid building in Wuzhou, Guangxi Zhuang autonomous region.

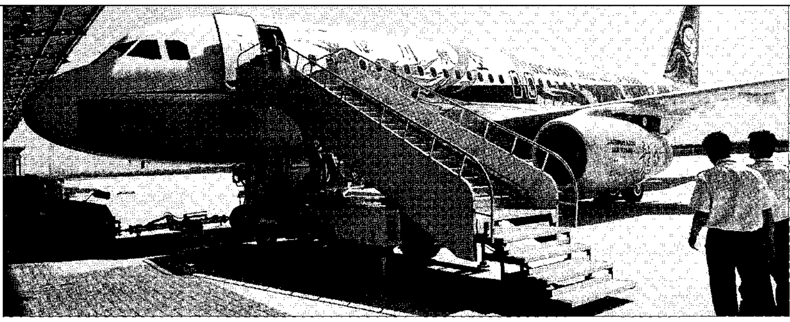
In May, a 9-storeyed building in Wuzhou built in 1995 was to be demolished. After directional explosion, however, the building still stood upright. The demolition workers, using all kinds of demolishing machines, had to spend another 20 days to demolish the building. Many netizens dubbed it "Building the Strong" to applaud its good quality.

Compared with that solid building, the fallen one in Shanghai may be named "Building the Fragile".

It seems that the old building, despite its outdated appearance, is much more reliable and suitable to live in than the good-looking but fragile new building. Though building technology should have advanced since the 1990s, the quality of buildings has not improved along with it.

Accidents in recent years, such as a collapsed bridge in Fenghuang, Hunan province, have revealed that corruption is one reason behind substandard building quality.

We hope the investigation underway now would reveal those who are responsible for the collapse, and that the corrupt elements are severely punished.



The Airbus A320 passenger jet, assembled in China, stands ready for a flight to Beijing from Chengdu. CFP

Airbus starts Harbin plant

▶ Aircraft maker planning to set up logistics center in Tianjin

By Zheng Lifei

HARBIN: European aircraft maker Airbus yesterday started construction of a $350 million component plant in this industrial city, one week after it delivered its first A320 plane assembled in China.

The composite manufacturing facility, in which Airbus holds 20 percent stake, will produce components for A350 XWB, a wide body plane, and A320 families, a single-aisle aircraft.

Harbin Aircraft Industry Group Corporation Ltd, Hafei Aviation Industry Company Ltd, AviChina Industry & Technology Company and other Chinese partners hold the balance 80 percent stake.

The new plant, scheduled to be operational by the end of 2010, is part of the world's second biggest aircraft maker's commitment to locally manufacture 5 percent of the A350 XWB airframe under an agreement reached with the Chinese government in 2007.

The new plant, which will cover more than 30,000 sq m, will create 1,000 jobs, according to Yu Shayan, vice-governor of Heilongjiang province.

"It (the manufacturing center) will be able to manufacture composite parts and assemble composite work-packages for the A350 XWB and A320 families and future Airbus programs," said Laurence Barron, president, Airbus China.

The joint venture plant, Barron said, would serve as an exclusive supplier to Airbus.

Asked whether the plant would in the future supply parts for China's large commercial aircraft project, Barron said: "I doubt it, but all possibilities remain."

Airbus is also in discussions with Chinese industrial partners for a project to manufacture components for its A350 XWB plane in Chengdu, Barron said.

The plane maker, Barron said, is also considering setting up a logistics center in Tianjin.

But he declined to elaborate on the two issues.

Airbus' industrial procurement value from China amounted to $100 million last year and the aircraft maker is aiming to double it to $200 million by next year and to $500 million by 2015, Barron said.

The construction of the new plant comes one week after Airbus delivered its first A320 aircraft assembled in the Tianjin factory to Chinese airlines.

The Tianjin assembly, in which Airbus holds 51 percent stake, will roll out 10 more A320 aircraft within this year.

CHONGQING

Exam star's parents axed

Parents of a top scorer at the national college entrance examination in Chongqing were sacked for using their positions in the government to change their son's ethnic status for brownie points.

He Chuanyang, from the Nankai middle school, scored 659, the highest in the municipality and earded him a position in the prestigious Peking University in Beijing. Now, however, he might not be admitted in the college.

Lu Lingqiong, his mother told Chengdu Business Daily on Monday that Hong Kong University called her on Sunday and said that the school would more than happy to have students like her son.

Cultural diamonds rise above coal dust

By Zhu Linyong

Datong has been synonymous with the nation's major coal production base over the past decades, producing more than 2.3 billion tons of coal.

However, the 2,300-year-old city's multifarious cultural heritages, including the Yungang Grottoes, an official UNESCO World Heritage Site, have largely been overlooked.

A New Yungang Project was launched last weekend "in a bid to re-connect Datong with its past splendor, and to promote its creative industries, a potential growth point for the coalmining and heavy-industry city in Northwest China," says Mayor Geng Yanbo.

A centerpiece of the project, the Yungang Grottoes, is situated on the southern cliffs of Wuzhou Mountain, about 16 km west of Datong and a three-and-half-hour drive from Beijing.

The grottoes were carved out of the cliffs in a honeycomb pattern from 460-524 AD by generations of Buddhist devotees and folk artisans.

Forty-five of the most important caves at Yungang survive.

Of the existing 51,000 statues at Yungang, the largest one is 17-m high, and the smallest is only 2-cm high, making Yungang one of the best known grotto complexes in China.

The New Yungang Project will focus on the better preservation of the existing cultural heritages and eminent folk arts in Datong, including the Yungang Grottoes, several ancient Buddhist monasteries, Confucian temples and surrounding tombs, says Feng Jicai, vice-chairman of All China Federation of Literary and the Arts Circles, and chief advisor to the project.

Feng heads an expert team of art historians and sculptors from across the country to compile a complete catalog of ancient sculptures, murals, architectures and folk arts. These traditional arts include paper cuttings, silk figurines, clay art, bronze art, and wooden carvings popular among local people.

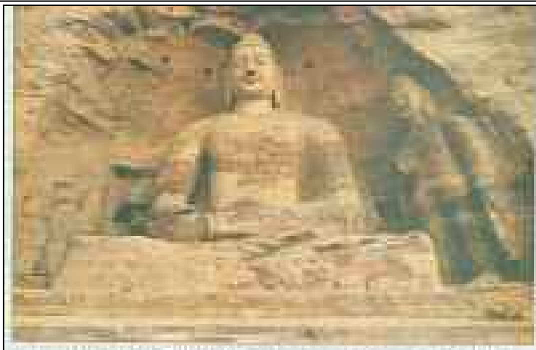
The catalog is expected to come out next summer with help from Beijing-based Zhonghua Press.

Apart from cultural heritage conservation, the New Yungang Project also includes a blueprint for the city's future growth by integrating public art, especially modern sculptural art with urban development.

Earlier this year the local government approved the blueprint, says An Dajun, head of Datong Cultural Heritage Conservation and Research Society.

"Topping the agenda are the establishment of a School of Sculptural Art at Datong University next year, construction of the Museum of Chinese Sculptural Art and a Sculpture Park for the public, and the staging of Datong International Sculptural Art Festival next year," An says.

Preliminary work for the project began in early March, including the peaceful relocation of five hillside villages, a dozen souvenir shops, restaurants, and hostels from near the Yungang Grottoes, and refurbishment of a tourist service center, car parks, and re-construction of a road leading to the grottoes area.



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Officials measured by more than bottom line

By Lan Tian

Officials will be evaluated on more than just their financial performance, a Party spokesperson said yesterday.

In a bid to update its economic-orientated focus when reviewing the work of officials, environmental and social development efforts will also be measured, said Li Zhongjie, deputy director of the Party History Research Office under the Communist Party of China (CPC) Central Committee.

"Apart from economic development, the evaluation will focus on various aspects of officials' performance, such as their achievements on environmental protection and on coordinating the development of the economy and society," Li said.

Officials' contribution to maintaining social stability and to improving people's livelihoods will also be looked at, he said.

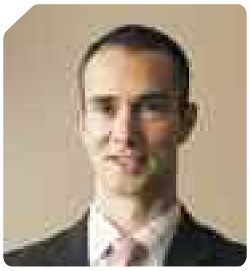
Top officials called for the changes at Monday's meeting of the CPC Central Committee Political Bureau, which was presided over by Hu Jintao, general-secretary of the CPC Central Committee.

Details of the updated system will be released soon.

For some time, and especially since the reforms and opening-up in the late 1970s, officials' contribution to economic development – and to the GDP growth rate in particular – was the main yardstick by which they were evaluated, said Wang Yukai, a professor with China National School of Administration, in an interview with Shanghai-based newspaper China Business News yesterday.

"Officials' promotion was closely linked to GDP growth under the old appraisal pattern, which led to vanity projects, drained resources and damaged the environment," he said.

PLATINUM JAPAN FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

PERFORMANCE (compound pa, to 30 June 2009)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM JAPAN FUND	**12%**	**31%**	**-3%**	**5%**	**16%**
MSCI JAPAN` INDEX	**6%**	**-9%**	**-13%**	**-4%**	**-1%**

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

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

Domestic related 48% (42%), including:

- 17% (16%) Defensive (eg. telecommunications, services).
- 12% (12%) Financials.
- 9% (8%) Real estate.
- 9% (6%) Smaller-caps (primarily retail and services).

Export related 41% (43%), including:

- 16% (14%) Commodity/energy related.
- 13% (15%) Technology (including specialty materials) and machine tools.
- 8% (9%) Autos.
- 4% (5%) Global capital spending related.

Gross long stocks 88% (85%); short stocks 18% (19%); net stocks 70% (66%).

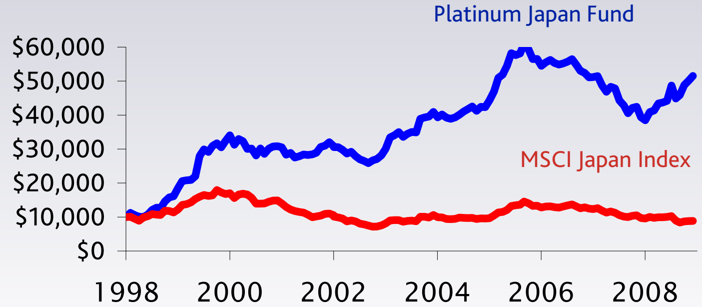
DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
JAPAN	**82%**	**79%**
KOREA	**6%**	**6%**
CASH	**12%**	**15%**
SHORTS	**18%**	**19%**

The Fund also has a 13% short position in Japanese Gov't Bonds.

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2009



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

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the past 12 months the Fund rose 31%, outperforming the MSCI Japan Index (expressed in A$) benchmark by 40% and over the past quarter the Fund rose 12%, outperforming the benchmark by 6%. It was another good quarter for the Fund. Over the past 12 months the benchmark fell 30% (Yen) and 9% (A$), and over the past quarter rose 20% (Yen) and 6% (A$).

The 12.3% quarterly gain for the Fund comprised roughly:

- Long gain of 14.0%

- Short loss of 4.5%

- Cash and other gain of 2.8%

Another way of expressing the attribution is that in A$ terms, our average long rose roughly 16%, versus a 6% rise in the market, whilst our average short rose roughly 24%. Whilst disappointed that the shorts have cost money, the overall quarterly result represented a solid absolute and relative return ie. in any portfolio, individual positions may cost money in the short-term.

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

- Small-caps. As we hinted in the last quarterly report, we have been finding excellent value in this area. Given there are roughly 2,700 Japanese stocks with market capitalisation less than US$1bn and greater than US$20mn, one needs to be selective. The fact that there are so many companies does NOT reflect the vibrancy of Japanese venture capital markets or an unbridled entrepreneurial spirit; rather it reflects the fact that listed entities pay a significantly lower corporate tax rate than private companies. However, when it comes to communication and distribution policy, most of these public companies behave in a very private manner. The good news is that we managed to find some winners amongst the plethora of dead-ends. The quarterly return from our average small-cap was around 50%.

- Residential real estate. Throughout the global credit crunch, the Japanese authorities have remained incredibly "micro" in their approach – no sweeping fiscal stimulus, no funky monetary policy/quantitative easing – one gets the sense that having lived through close to two decades of asset/consumer price deflation that the Japanese have reached the point of policy surrender. One of the few areas of government action has been their attempt to stimulate domestic housing demand – policies include:

- The largest ever tax breaks on home mortgages (relief of up to ¥5mn over 10 years).

- An increase in the tax free threshold on monetary gifts used to purchase or renovate residential property.

- A reduction in the down payment requirement (from 10% to 0%) on low-income mortgages offered by the Japan Housing Finance Agency.

These initiatives ignited interest in our extremely bombed-out property developers who target the low end of the housing market, which along with our holding in Japan's leading real estate agent, were some of our star performers for the quarter.

- Technology. With the biggest contribution from the specialty chemicals/materials names (eg. Nitto Denko, JSR, Asahi Kasei, Kanto Denka Kogyo). These companies have benefitted as material suppliers to the LCD TV industry where volume growth has remained in the 10-15% range (thanks in part to Chinese/Japanese subsidies targeting rural/green consumer electronic purchases – April unit sales +77% in China and +18% in Japan).

Kanto Denka Kogyo has performed as one of only three companies globally that can make lithium hexafluorophosphate, a key input to the manufacture of electrolytes for lithium ion batteries. The Chinese battery makers have admitted that they will be dependent on Japanese production of this material for some time to come. The Japanese have spent the last thirty years perfecting the cost effective handling of this highly corrosive material. This is the sort of long-term sustainable advantage that we look for when investing in a sunrise industry such as this.

The major investments/ideas that cost money this quarter were our shorts. Our shorts in the utilities and private railways behaved well; it was the exposure to two "perceived" alternative energy plays that cost money. As we noted in the last quarterly, alternative energy had all the hallmarks of an asset bubble in the early stages of formation – we should have paid more heed to this idea. We continue to hold these positions with a view that both stocks are significantly over-valued/hyped and face major competitive and demand headwinds. The most costly was GS Yuasa, a lead acid car battery maker that has announced various JVs for the supply of lithium-ion car batteries. Whilst we have fairly strong views on the likely winners in the lithium-ion game, at this point the stock market remains undiscriminating. Simplistically, we think the material and component suppliers (electrolytes, cathodes, separators, etc) are much more likely to earn sustainable returns than the battery assemblers – battery assembly looks about as interesting as car assembly – every other day a new entrant based in South Korea, Taiwan or China announces a new plan. Furthermore, in the short-term the Chinese (via BYD) may have a competitive advantage as they have access to cheaper, more efficient cathode materials that are not available to the Japanese due to patent issues.

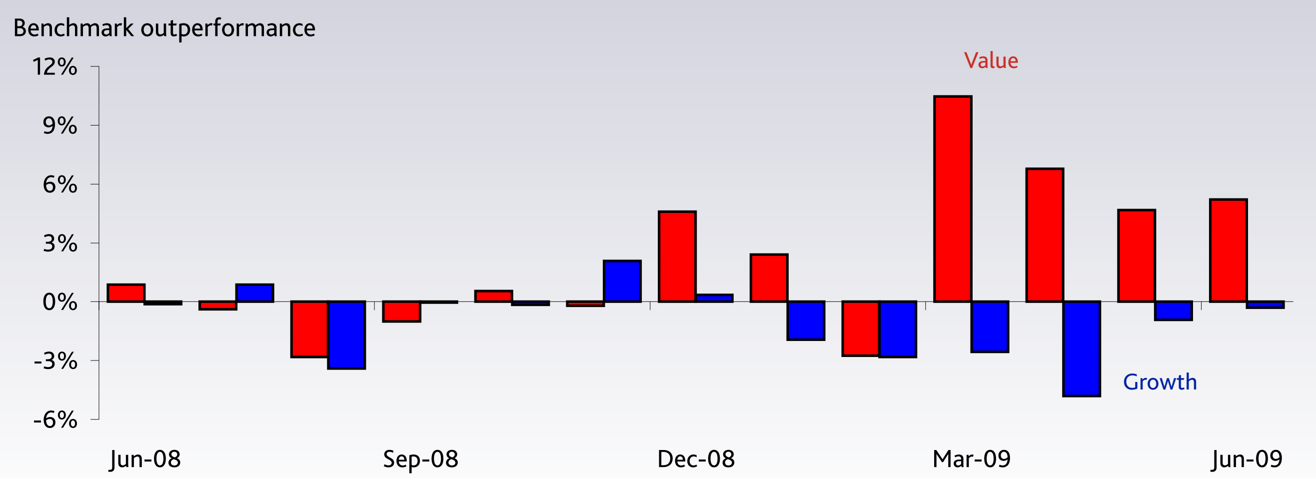
We spent the last quarter casting our net extremely wide in searching for new opportunities for the Fund – this included two weeks of company visits in Japan and a week and a half in China (we think getting China right is extremely important for many of our investments in Japan). Over the course of the last quarter we estimate that we met with (or conference called) approximately seventy Japanese companies.

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

- The domestic exposure rose from 42% to 48% with the addition of a sizable position in the IT services industry (eg. Itochu Techno-Solutions, NSD). These stocks kept popping-up on our various screens as being quite cheap. Following the completion of an industry study, we couldn't find any real fundamental explanation for the "cheapness" – in fact, we found a couple of extremely sound companies. If you would like to construct a theme around this, you could argue that as Japan's workforce shrinks relative to dependents, the need for productivity growth via the application of software will only increase. These stocks have performed extremely well since purchase and remain undervalued.

- The export exposure fell slightly from 43% to 41%; we continued to reduce the technology, auto and machine tool bet, not because we think the stocks are over-valued, but rather, in some cases we think the earnings recovery will be far rockier than the market expects, and hence, there'll be cheaper re-entry points.

VALUE VERSUS GROWTH - SYNTHETIC PORTFOLIO PERFORMANCE IN JAPAN



Source:: Credit Suisse Quantitative Equity Research

We added a stock that, among other things, sells consumables to the semiconductor wafer manufacturing industry that has recently launched a breakthrough product targeting the high growth solar wafer market – suffice to say, the stock has thus far been overlooked by the alternative energy zealots.

- The major change on the short side was the opening of a 5% short position on the Kospi and a small increase in the JGB (Japanese Ten Year Government Bond) short.

- On the currency front, our Yen exposure remained relatively unchanged at 47%; however, we increased our exposure to the South Korean won from 14% to 23% at the expense of the A$ and US$. Our Won preference reflects our view that the South Korean economic recovery is grounded on far stronger foundations than the alternatives. In part, the strength of the South Korean recovery reflects the undervalued nature of its currency.

OUTLOOK

As the inventory re-stocking cycle gathered pace, "value" or "cyclical" stocks continued to outperform "growth" or "defensive" stocks, but towards the end of the quarter, this clear distinction began to fade. Whilst personally disliking these tags, they do provide insights on market behaviour at any point in time. The clear evidence of the "re-emergence" of growth stock investing was the sharp outperformance of alternative energy stocks in Japan or property stocks in China. We will continue to monitor these trends, for both long and short opportunities.

We continue to think there are five big picture issues/questions relevant to investors in Japan – they are:

1. The conservative/deflation positioning of the Japanese household balance sheet.

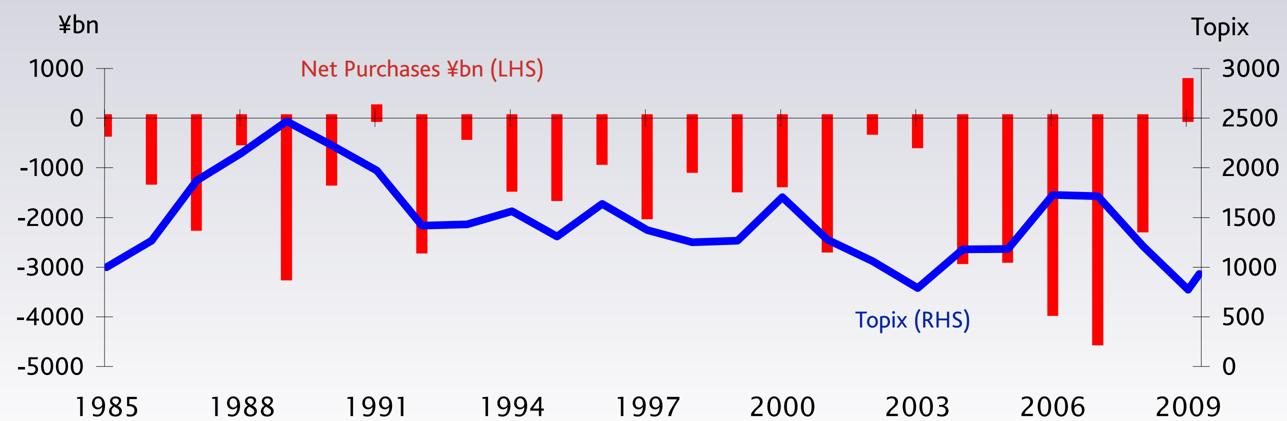
2. Unsustainability of the Japanese Government's fiscal position.

3. Sustainability of robust growth in the BRICS (Brazil, Russia, India, China) – we think some of the cheapest China plays are to be found in the Japanese stock market.

4. Aging Japanese population – far from being a "problem", this provides a significant catalyst for change in Japanese thinking and there are many companies that are direct beneficiaries of the demographic changes.

5. A major deleveraging cycle in the US and Europe and the unintended consequences of extremely loose developed world (led by the US) monetary and fiscal policy.

NET PURCHASES BY JAPANESE INDIVIDUALS TRADING ON THE TOKYO, OSAKA AND NAGOYA EXCHANGES



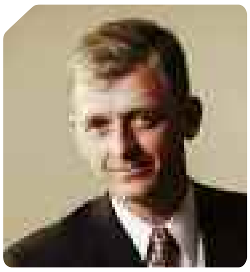
Source: Macquarie Research Equities, TSE and FactSet

Over the next few quarterlies we will separately analyse each of these issues and the opportunities and challenges they represent for investors in Japanese equities.

Regarding the conservative positioning of the Japanese household balance sheet, the good news is that in the last 12 months the Japanese household became a sustained net buyer of domestic equities for the first time since March 1991. Mrs Watanabe is finally having a flutter, however, instead of punting a foreign currency margin account, she is buying GS Yuasa. This is significant. To remind investors, the Japanese household holds financial assets of US$15tr, equivalent to 3x GDP AND currently only 3.5% of this is invested in the Japanese stock market. The market capitalisation of the Japanese stock market is US$3.3tr – every 1% allocation of household assets towards equities is equivalent to buying 4.5% of the entire Japanese stock market ie. a small change in domestic investor risk preference could have a massive impact on the market. The potential for a household asset shift towards equities is NOT available in many economies or stock markets as it reflects the historically high savings rate that Asia has supported relative to large parts of the Western world (US, Australia and most of Europe).

Clearly the question remains whether this change in risk preference is temporal or structural. In the short-term, we think Japanese investors are simply responding to the once in a generation "value" that has been available in the market over the past 12 months. For this move to become a self-reinforcing trend, we think households would be acting to protect themselves from the risk of government actions that may devalue their savings ie. monetisation of deficits. At the margin, this may be playing on domestic investors minds – clearly this would be incredibly bullish for Japanese equities, and incredibly bearish for Japanese government bonds – hence, our portfolio positioning.

PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Brands Fund achieved a positive return of 11% for the year contrasting the decline in the benchmark MSCI of 16%, a relative outperformance of 27%. The Fund benefitted from stocks either in or exposed to the emerging markets such as India, Brazil and Indonesia. European stocks were decidedly mixed with declines from the French and German stocks offset by gains from the Fund's Italian holdings.

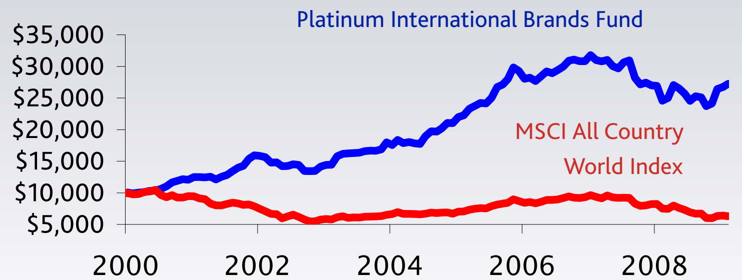
The strengthening of the Japanese yen over the year provided the Fund with gains from holding the currency, however, in Yen terms the Fund's investments in Japan were relatively poor performers. In the most recent quarter the strengthening of the A$ dampened the Fund's performance as did maintaining the short positions in the rising markets.

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
EUROPE	36%	34%
ASIA	23%	22%
JAPAN	10%	10%
NORTH AMERICA	5%	6%
SOUTH AMERICA	5%	4%
CASH	21%	24%
SHORTS	7%	7%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2009



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

COMMENTARY

In describing the recent investment themes of the Brands Fund, it's useful to make the distinction between the background macro factors at play and the prima facie contradiction with the individual investments of the Fund. The Fund's quarterly commentary has previously highlighted concerns regarding the profligate consumers of developed markets, their indebtedness and the risk to spending habits with rising costs and unemployment.

As well, the ongoing adverse headlines perhaps reinforce the perception that investing in consumer companies is at best challenging, if not altogether unwise. On the ground, however, the opportunity to find neglected stocks has been significantly enhanced by the headlines as the pessimism permeates markets with discounted valuations.

As an example, during this last quarter, the Fund invested in a world leading company represented in over 90 countries and with more than 20,000 employees. Their products meet an essential need and yet are found in the full range of outlets from specialist stores to iconic and exclusive outlets. The products are also represented and advertised by some of the world's leading models and designers including those from unrelated fields. A recent launch of a range was endorsed by the award winning architect Ms Zaha Hadid.

The world's most successful model of recent times has, for several years, promoted her own product range with the company. Even the rather intriguing advertising with her depicted in a water dress has failed to capture the attention of the financial markets. It likely also failed to keep the focus on the product.

More importantly, the company has been growing profitably for some years at mid-teen rates and reasonably expects to continue this performance. Indeed, the company started this year with revenue up 15% on increased margins. A strong cash flow, net cash on the balance sheet equivalent to one third of the market capitalisation and a dividend yield of more than 5% add to the attraction of a price earnings multiple of six times.

By way of contrast, Henkel is well-known to brokers and market participants yet can be considered equally neglected. We have followed the fortunes of Henkel through the many and significant changes to the scope of the business, such as the acquisition of the Dial corporation in the US. Success with key products, Schwarzkopf and Loctite, has been testimony to the depth of the organisation but there has also been the underlying frustration of shareholders as the many programs and plans have failed to unlock the financial potential of this organisation.

Falling sales in the adhesives business, uncertainty over the strength of the balance sheet, timing of acquisitions and disposals, changes to senior management ranks and *another* cost reduction program have compounded the cautious assessment of investors.

On closer inspection we are enthused with the recent course of events and have been adding to the Fund's investment. We recognise the pattern of changes instigated by the CEO and his personal commitment, energy and accountability for leading a renewed focus on operational changes within the business. Success will only really ensue if this can transcend the organisation with a degree of infectious urgency.

As always we must guard against our own sense of optimism and confidence as we monitor the progress and seek confirmation of operational improvements. The financial scorecards will lag and although some patience with the stock may be required there are already signs of good progress for the keen observer.

OUTLOOK

The past quarter has seen a strong performance by the markets from low points, especially from the emerging markets. Despite this, the Fund has maintained its short positions and a high cash balance, partly in anticipation of the year end distribution. The rising unemployment in Western economies is of concern and will likely become more topical in company results announcements over the next several quarters. A degree of caution is warranted.

Companies have impressed with recent results ahead of subdued expectations, often generated by cost reductions, falls in commodity prices and price increases offsetting declining volume. The challenge of revenue growth should become more apparent with companies highlighting disparate regional and product performances, even within their own business.

The Fund's focus is on identifying neglected companies with the potential for sustained growth from consumers in emerging markets whilst also being opportunistic in mature markets where renowned companies with strong businesses and cash flows are occasionally offered at unusually compelling valuations.

PLATINUM INTERNATIONAL HEALTH CARE FUND

Bianca Elzinger
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 June 2009)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM INT'L HEALTH CARE FUND	**4%**	**3%**	**-4%**	**-1%**	**1%**
MSCI HEALTH CARE INDEX	**-6%**	**2%**	**-7%**	**-3%**	**0%**

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

The Platinum International Health Care Fund increased by almost 4% in the quarter versus a loss of 5.5% for the MSCI World Health Care Index. For the year the Fund advanced by over 3%, while the Index increased 1.7%.

Crucell, our vaccine maker, remains the top holding of the Fund. The spread of swine flu is helping sales of Crucell's seasonal flu vaccine. Another stock holding to directly benefit while the population suffers is Sartorius. This German company sells the filters used for making vaccines and protein drugs; orders have increased significantly.

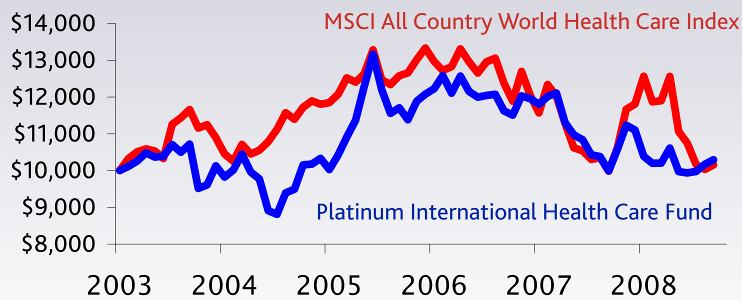
For the quarter, small biotechs made an impressive comeback, but the rationale behind such enthusiasm is doubtful at times. At around 18%, the Fund has significant exposure to this subsector. Fortunately, for most of our holdings, the strong performance did have merit with real R&D progress being made. However, to counterbalance share price volatility of biotechs we have kept a high cash balance. In light of a strong market rebound, that protection did hinder the Fund's performance.

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
NORTH AMERICA	**46%**	**39%**
EUROPE	**31%**	**27%**
JAPAN	**2%**	**2%**
CASH	**21%**	**32%**
SHORTS	**4%**	**4%**

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 30 JUNE 2009



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

Caution should prevail. Problems in the global health industry and particularly in the US are as prevalent as ever! It's our job to look beyond the political chatter and focus on quality companies with products, drugs or services offering better than reasonable price/benefit opportunity. It is also advantageous if companies have a low dependency on the US market.

Keeping that in mind, small biotechs are an interesting group. They are in a league of their own; health care reform does not really impact them. Their main concern is access to capital and developing novel drugs. The market has lost interest in this group, despite biotechs raising more money in the past six months compared to their achievements the same time last year.

For us, when analysing this group we look for: scientific discipline, several drugs in the pipeline targeting a unique aspect of a disease, a management team that has experienced setbacks, a solid balance sheet and partnering experience. At the same time we make sure we have a portfolio of different drugs, meaning each company we invest in has to have a different approach to target a disease. This is similar to the approach a head of Research & Development would adopt when managing a drug pipeline. (The figures below gives you an example of our "biotech company pipeline").

Incyte, a US biotech fits into this framework. This company understands what it means to manage capital carefully. Management has brought new drugs to the market before. After suffering a major setback in 2006, Incyte had to go back to the drawing board and rebuild itself. Within three years the company produced a number of new drugs (five in total) with some now in phase 2 clinical trials. The gem in the portfolio is its JAK inhibitor, whereby JAK (Janus Kinase) is the disease target. This drug reduces inflammation in rheumatoid arthritis and psoriasis patients. It can be swallowed, which is a relief for arthritis patients who frequently have to inject drugs.

BIOTECH COMPANY PIPELINE

DISEASE	TARGET OF LEAD DRUG	CLINICAL TRIAL STAGE
HEPATITIS C	**HCV PROTEASE**	**PHASE 2**
INFLAMMATION	**SYK**	**PHASE 2**
OBESITY	**5-HT RECEPTOR**	**PHASE 3**
CANCER	**MTOR**	**PHASE 3**
INFLAMMATION	**JAK**	**PHASE 2**
PAIN	**P38**	**PHASE 2**

Source: Company reports

Incyte is not alone in targeting JAK. Pfizer is doing the same and is slightly ahead in the development stage. Given this strong competition, Incyte is talking to partners and we would not be surprised if such discussions went beyond a simple JAK partnership deal.

The market is aware of the JAK opportunity but is concerned by its level of debt. We are less worried as many financing deals are getting done rather quickly in biotech. Over the past 12 months, the stock price has halved (current enterprise value is $570mn). This accounts for little of the value-added progress that has been made. The market for rheumatoid arthritis was about $10-11bn last year and is set to double over the next four years. Even if Incyte were to capture less than 5% market share, that would still generate $1bn revenue per year. In the meantime, we aren't forgetting the other promising drugs in the pipeline either.

OUTLOOK

Look for cashflow and it is big pharma that stands out; look at new cancer drugs and it is pharma that led the way at this year's annual oncology gathering. Similarly, approval of new drugs this quarter is coming from big pharma. This group of companies is slowly gaining interest.

The US is looking to save money in health care, while China is trying to figure out how to spend money. This was a particularly relevant factor for us during the quarter when a visit to China highlighted some interesting opportunities for multinationals and domestic companies alike. Vaccines are an area of great interest as is diagnostic equipment, along with consumables. Health care has been neglected in China but there are intriguing developments that we will elaborate in more detail in the coming months.

PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 June 2009)	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM INT'L TECH FUND	**16%**	**23%**	**2%**	**3%**	**8%**
MSCI IT INDEX	**4%**	**-7%**	**-7%**	**-4%**	**-13%**

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

The Fund's value increased by 16% during the quarter, compared to an increase of 4% for the MSCI Information Technology (A$) Index for the same period. The tech-heavy Nasdaq was up by 15% in US dollars but only by 1.5% when translated in Australian dollars.

Over twelve months, the Fund has recorded a very strong positive 23% return and substantially outperformed both the MSCI Information Technology (A$) Index -7 % and Nasdaq (A$) -6%.

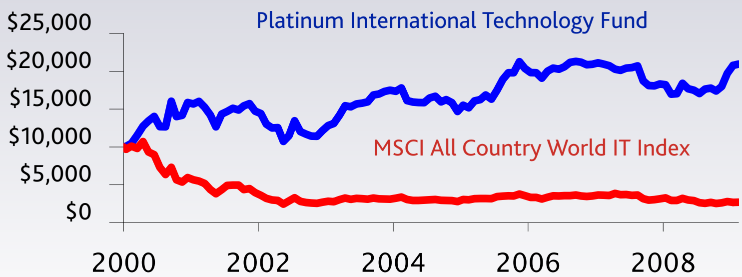
This quarter the largest contributions to the Fund's performance came from less well-known medium and small capitalisation stocks. Some examples: Brocade (the global leader in its niche of networked storage equipment) was up 145%, Aixtron and Veeco (the two leaders in the emerging sector of equipment for LEDs) were both up in excess of 90%, Comba (the Chinese mobile telecommunication equipment provider) was up 75%.

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
ASIA	**27%**	**28%**
NORTH AMERICA	**22%**	**23%**
EUROPE	**15%**	**16%**
JAPAN	**9%**	**9%**
CASH	**27%**	**24%**
SHORTS	**5%**	**6%**

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2009



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

Early in the year, we had also decided to add exposure to Chinese Internet portal SOHU.com and to its newly-listed on-line gaming subsidiary Changyou.com, as we found their valuations extremely attractive when compared to their Western peers. The decision proved to be correct with SOHU and Changyou.com now up 50% and 125% respectively from our initial purchases.

After such a strong rally we reduced or exited some of the most “exuberant” stocks but we have maintained a position in those which we believe are still attractive in relation to their growth potential and valuation.

Our decision to partly hedge our exposure to the US$ and HK$ back into A$ also contributed positively to performance, with the A$ appreciating by more than 15% against those currencies during the quarter.

On the negative side the short positions in selected US and Japanese stocks detracted around 2% from performance.

During the stock market downturn over the last few months we indicated our preference for large and financially solid technology companies with leadership positions in their respective fields. We consider these to be our best plays at times of uncertain returns. We still believe in this strategy and indeed these remain our largest positions (ie. Microsoft, Cisco and Amdocs to cite a few) but as we described above, we are always busy looking for investment ideas across multiple investment themes, sectors, niches and geographies where we think the best opportunities may arise.

While it is not unusual for the Fund to go through short periods of strong outperformance like the one just experienced, we know from the past that technology stocks can be quite volatile, and it is reasonable to expect periods of “reversion to the mean”. For this reason we try to maintain a balanced composition in the portfolio with a mix of different stocks which hopefully can help to mitigate this volatility.

Having said that, since inception (18 May 2000), the Platinum International Technology Fund has returned +8.4% pa versus -13.3% pa in the MSCI Information Technology Index (A$), showing that we have the ability to make money even in adverse market conditions.

The Fund has slightly increased its position in telecom operators and media companies (18%) by adding NTT Docomo in Japan. Telecom equipment and data networking stocks (wireless, broadband, storage and networking) has remained stable at 17% of the Fund. Software and IT services increased to 14% with the Fund adding to Microsoft in light of the distressed valuation despite the very promising multiple new products’ cycle (launch of Windows7, Server 2008 R2, Office 14 etc). In semiconductors we have added to Samsung Electronics (more below) and raised exposure to the sector to 7.5%.

The Fund’s largest individual positions are:

Microsoft (the global software giant), Amdocs (market leader in billing software and operating support systems for tier-1 telecom and pay-TV operators), Jupiter Telecommunications (a provider of pay-TV, internet and telephone services in Japan), Samsung Electronics (the global leader in electronic goods, memories and components) and Cisco Systems (the global leader in data networking and advanced video technologies).

At quarter end the Fund was 73% invested with a 5% short position on selected US and Japanese stocks for a total 68% net exposure.

COMMENTARY

Samsung Electronics (Korea)

We recently had the opportunity to meet with Samsung’s management and decided to increase our position in the company after concluding that many of the company’s key business areas are now uniquely positioned to benefit from a recovery of the economic cycle.

In 2008 Samsung had a global turnover of around $100bn having nearly tripled from the beginning of this decade. In its annual global brand ranking surveys, US consultancy Interbrand has advanced Samsung from its 42nd spot in 2001 to its current 21st place to be the highest ranking Asian consumer electronics brand ahead of rivals like Sony, Canon, Nintendo and Panasonic. A clear example of

Samsung's increasingly recognised status is its leadership in the LCD TV, flat panel TV and the overall TV market where it has maintained the largest market share for three consecutive years.

A global leader in semiconductor, telecommunication, digital media and digital convergence, Samsung has a strong technology focus with around 40% of its employees involved in Research & Development which last year produced more than 3,500 patents registered within the US. In telecommunication handsets Samsung is a profitable player and recently reported its highest market share ever (18%) second only to leader Nokia (36%).

The company has recently reorganised around two main business units: Digital Media & Communications (TVs, handsets, digital cameras, appliances) and Device Solutions (electronics components such as LCD panels, DRAM and NAND memories, image sensors and smart cards). It has also streamlined the head office organisation and assigned stringent return on capital targets to management responsible for each division, aligning their compensation accordingly. This is a welcome development for a company which has often been criticised for the excessive costs of its corporate head-office and a culture rewarding of market share gains and manufacturing capacity over return on invested capital.

Yet Samsung will still have to deal with the reality of industries where aggressive capacity expansion phases tend to periodically destroy profitability for all players involved. On this front, we are encouraged by developments within the DRAM and NAND industries.

In DRAM, the current environment of sustained depressed prices (refer to our December 2008 quarterly report) makes profitability elusive for all players. Capacity utilisation remains at very low levels, capital expenditures are being cut and many competitors have unsustainable levels of debt. We believe that Samsung's superior technology coupled with its strong balance sheet will give the Koreans a competitive advantage when the economic cycle turns around.

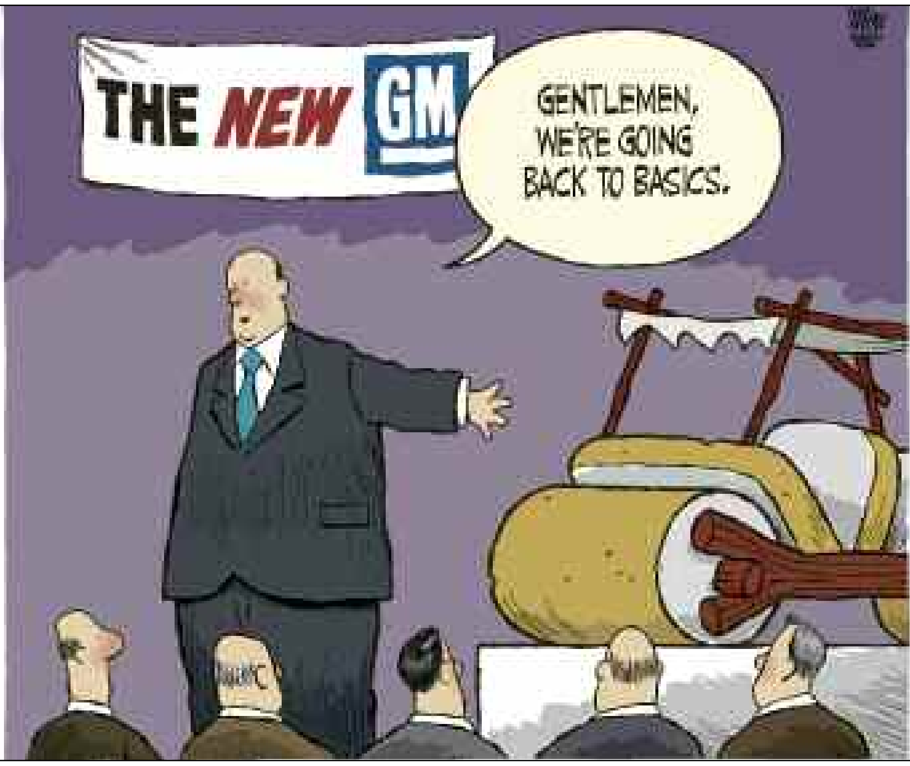
In NAND we were positively surprised to hear Toshiba's CEO Mr Sasaki stating that a return to full production of flash memory chips (Toshiba's biggest semiconductor business) would depend on the strength in the market. This is a positive change from their past track record of aggressive capacity expansion and it will help improve profitability in this industry. Moreover we suspect that Mr Sasaki, a nuclear engineer by background who made his name by buying US reactor company Westinghouse in 2006, will emphasise its more stable infrastructure business rather than "wasting" capital in such a volatile industry like flash memories. We believe that this seemingly more rational approach from a major competitor will ultimately be positive to Samsung's profitability.

We find Samsung Electronics' valuation compelling at 1.3x book, trading at the lower end of its historic valuation range.

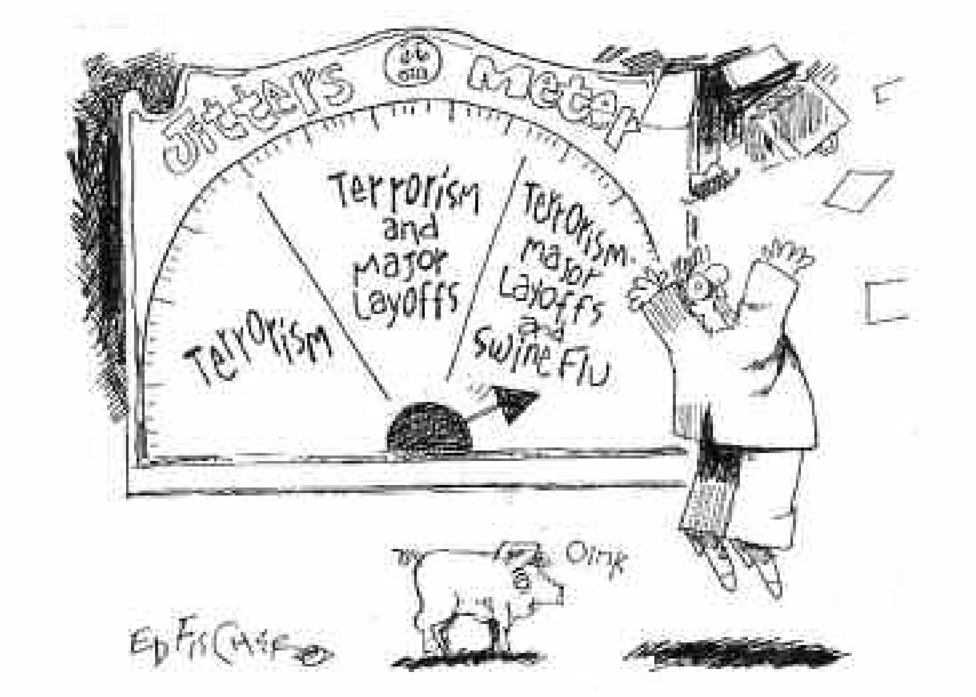
OUTLOOK

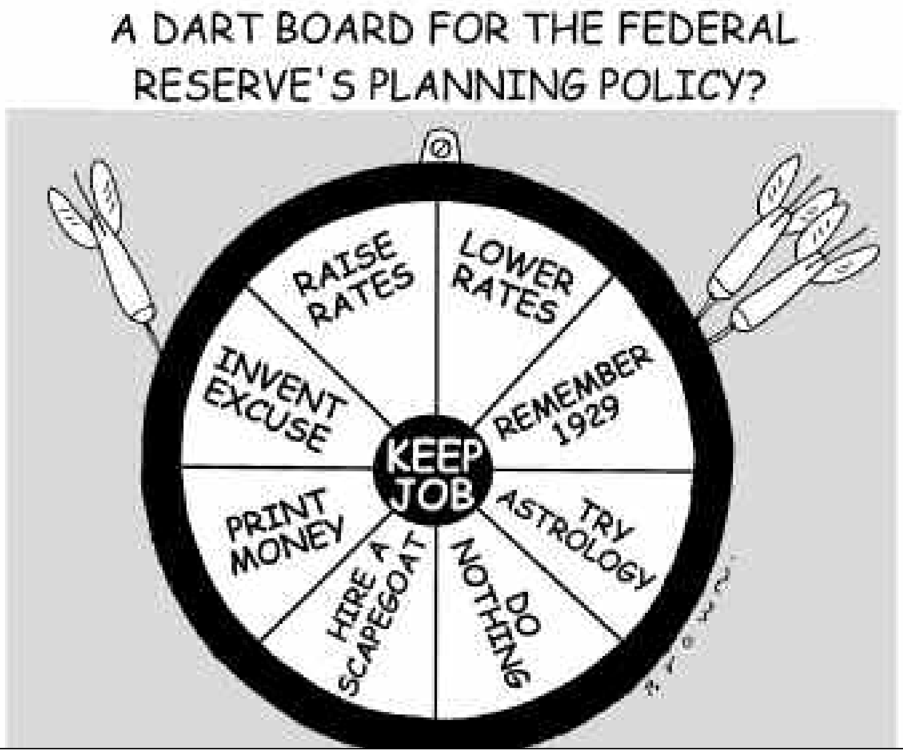
We believe that the panic stage of the current crisis with all its fears about runs on banks and defaults is now well behind us. The recent injections of liquidity by monetary authorities have partially offset the natural global economic slowdown (as we write the ECB has just announced another massive Eu480bn lending program to European banks for 12 months at the bargain interest rate of 1%!). However, we are not sure that these measures will be enough to quickly return the system to "normality". It will take more time.

In the medium-term, the best investment opportunities will be in sectors/geographies/themes where the benefits of loose monetary policies will be more effective in stimulating economic growth.



"But on the bright side, house prices are going down."


Jitters Meter
Terrorism
Terrorism and Major Layoffs
Terrorism, major Layoffs and Swine Flu
Oink


A DART BOARD FOR THE FEDERAL RESERVE'S PLANNING POLICY?
RAISE RATES
LOWER RATES
INVENT EXCUSE
REMEMBER 1929
KEEP JOB
PRINT MONEY
TRY ASTROLOGY
HIRE A SCAPEGOAT
DO NOTHING

NOTES

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

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

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

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

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

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

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

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

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

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

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

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

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds).
The Platinum Trust Product Disclosure Statement No. 8 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

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

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

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around $14 billion, with approximately 10% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders.

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

INVESTOR SERVICES NUMBERS

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

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

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(New Zealand only)

OR VISIT US AT OUR OFFICE

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* Please refer to page 2.

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