The Platinum Trust® Quarterly Report

30 June 2010

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

Platinum International Fund
ARSN 089 528 307

Platinum Unhedged Fund
ARSN 123 939 471

Platinum Asia Fund
ARSN 104 043 110

Platinum European Fund
ARSN 089 528 594

Platinum Japan Fund
ARSN 089 528 825

Platinum International Brands Fund
ARSN 092 429 813

Platinum International Health Care Fund
ARSN 107 023 530

Platinum International Technology Fund
ARSN 092 429 555

Platinum® ASSET MANAGEMENT

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Experts...

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

Please email us at:

commentary@platinum.com.au

Performance Returns to 30 June 2010

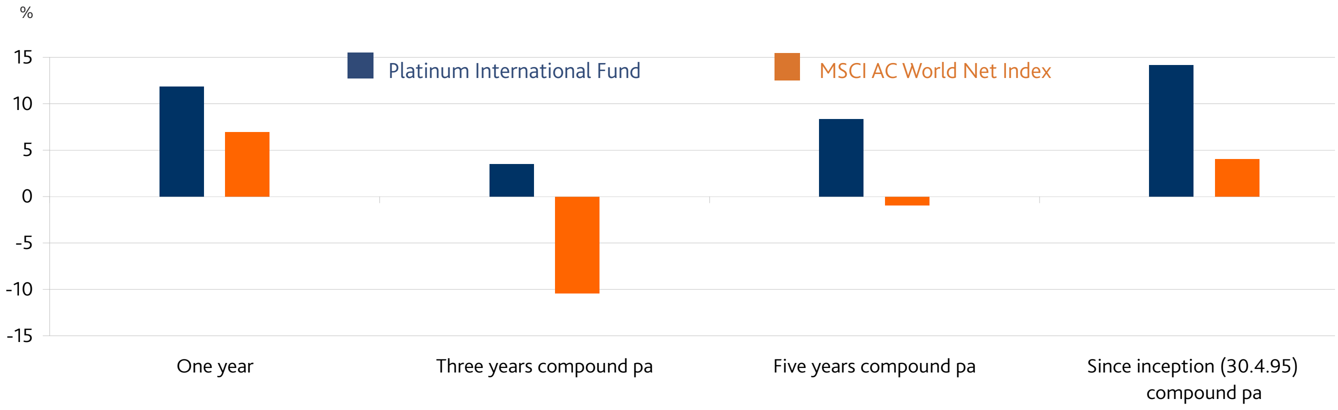
FUND	PORTFOLIO VALUE (POST 30 JUNE DISTRIBUTION)	QUARTER	1 YEAR	2 YEARS *COMPOUND PA*	3 YEARS *COMPOUND PA*	5 YEARS *COMPOUND PA*	SINCE INCEPTION *COMPOUND PA*
International Fund	**$9,401m**	**-1.3%**	**11.8%**	**15.0%**	**3.5%**	**8.3%**	**14.2%**
MSCI AC* World Net Index		-4.5%	7.0%	-5.3%	-10.4%	-0.9%	4.0%
Unhedged Fund	**$70m**	**3.3%**	**22.7%**	**13.5%**	**3.4%**	**12.7%**	**11.4%**
MSCI AC World Net Index		-4.5%	7.0%	-5.3%	-10.4%	-0.9%	-0.2%
Asia Fund	**$3,584m**	**2.0%**	**14.0%**	**12.1%**	**4.2%**	**13.9%**	**20.9%**
MSCI AC Asia ex Japan Net Index		3.3%	16.9%	6.7%	-1.8%	9.1%	12.2%
European Fund	**$158m**	**-2.0%**	**21.0%**	**6.7%**	**-4.6%**	**5.2%**	**11.2%**
MSCI AC Europe Net Index		-7.9%	2.0%	-11.8%	-14.8%	-1.7%	-1.4%
Japan Fund	**$460m**	**-3.1%**	**-1.8%**	**13.3%**	**-0.3%**	**3.6%**	**14.5%**
MSCI Japan Net Index		-2.3%	-3.6%	-6.2%	-11.9%	-2.2%	-1.3%
International Brands Fund	**$459m**	**5.1%**	**32.3%**	**21.2%**	**5.2%**	**10.1%**	**13.5%**
MSCI AC World Net Index		-4.5%	7.0%	-5.3%	-10.4%	-0.9%	-3.8%
International Health Care Fund	**$18m**	**-3.8%**	**12.2%**	**7.5%**	**-0.2%**	**4.0%**	**2.2%**
MSCI AC World Health Care Net Index		-3.2%	4.9%	3.3%	-4.9%	-1.3%	0.9%
International Technology Fund	**$42m**	**-3.1%**	**7.5%**	**15.2%**	**2.4%**	**8.2%**	**8.4%**
MSCI AC World IT Net Index		-5.2%	10.3%	1.1%	-6.2%	-0.1%	-11.2%

* Morgan Stanley Capital International All Country

Source: Platinum and MSCI. Refer to Note 1, page 40.

Platinum International Fund Versus MSCI AC World Net Index

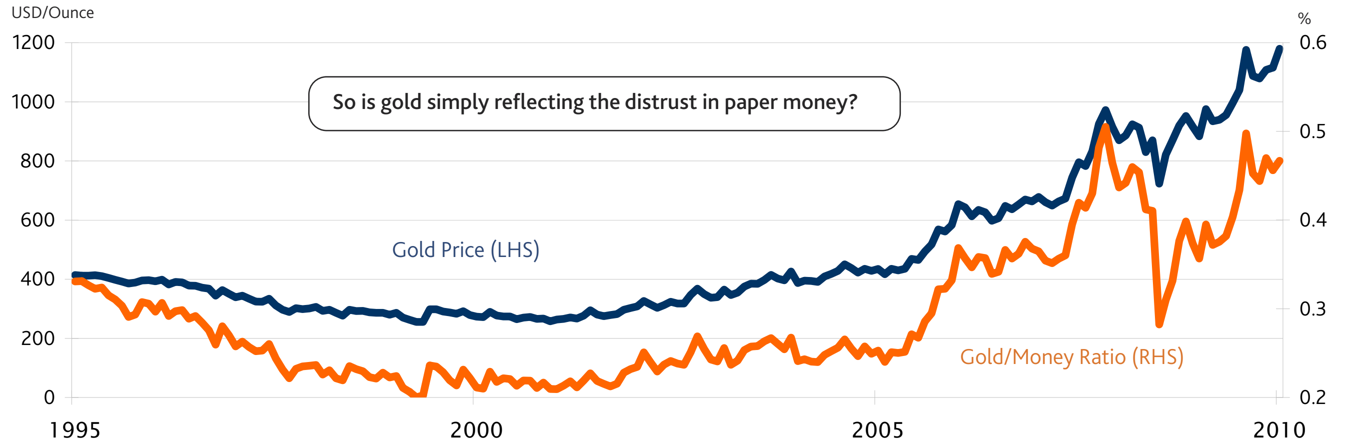
To 30 June 2010



Source: Platinum and MSCI. Refer to Note 1, page 40.

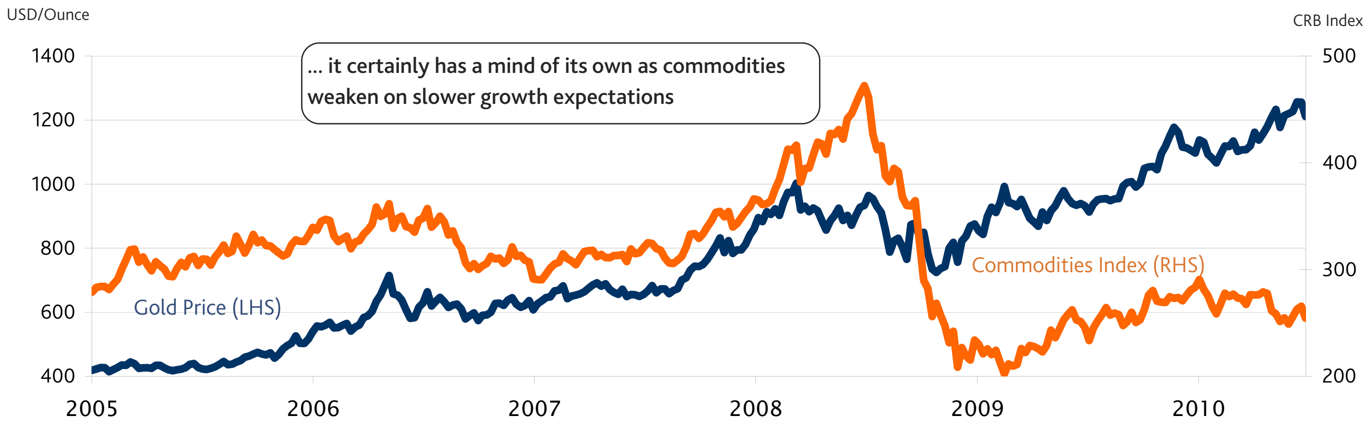
Market Panorama

Money Stock versus Gold Stock (Global)



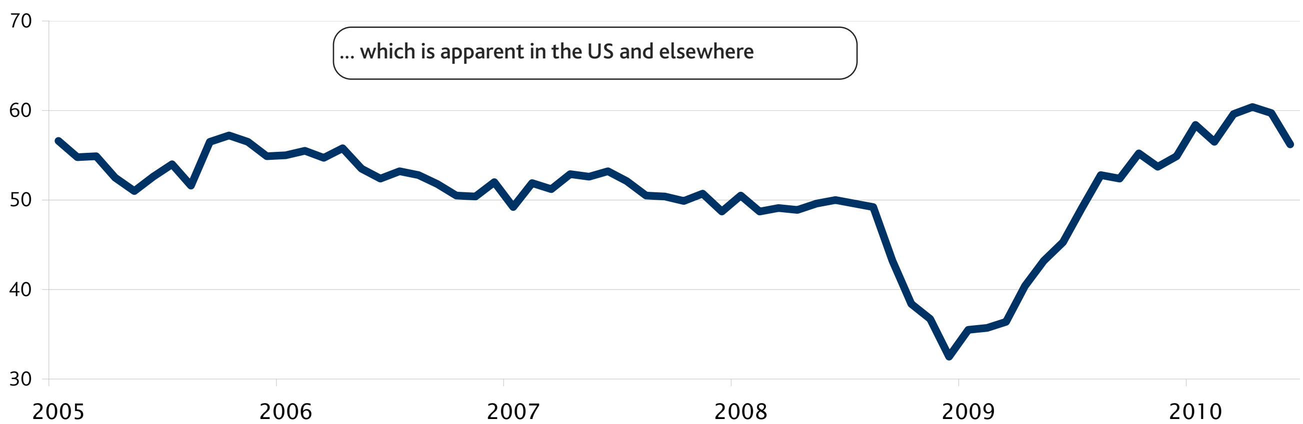
Source: MF Global, RBC Capital Markets, Bloomberg, World Gold Council, US Geological Survey

Gold Price and Commodities Index (Thomson Reuters/Jefferies Commodities Research Bureau Index)



Source: Bloomberg

US ISM Manufacturing PMI (Institute of Supply Management - Purchasing Managers' Index - seasonally adjusted)



Source: Bloomberg

Platinum International Fund

Kerr Neilson Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
Europe	25%	26%
North America	23%	24%
Asia and Other	21%	21%
Japan	17%	18%
Cash	14%	11%
Shorts	19%	21%

The Fund also has a 13% short position in Japanese Government Bonds.

Source: Platinum

Performance

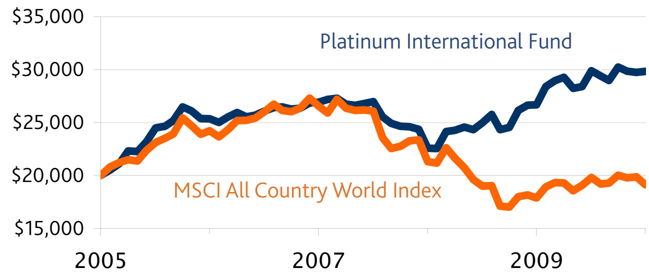
Having started with some promise, markets had a roller coaster quarter. The gains from the beginning of the year extended into April but the advance was arrested by growing concern about the solvency of Greece and the general level of Club Med sovereign debt. This was temporarily resolved by the intervention of the International Monetary Fund (IMF) and European Central Bank (ECB) with a €750 billion standby facility. However, the focus then shifted to China's efforts to cool their trundling property bull market and concerns developed about a slowing in that country. The news that they would resume the floating of their exchange rate gave a temporary reprieve but the focus then shifted to the disappointing growth statistics coming out of the US. Mirroring these oscillations were big rises in the price of long-dated US treasuries and other favoured sovereign issuers as investors sought defensive assets; currencies danced to the unfolding views about world growth, with commodity producers losing favour.

The final outcome was a decline in the MSCI World Index of 4.5% for the quarter and 3.5% for the six months to June but a gain of 7% for the rolling 12 months. The accompanying table shows the movement by sector, the pattern of which has not materially changed either for the last six months.

The Fund has done better than the MSCI World Index over the quarter and performance in the last six months has been flat. The picture is brighter on a twelve month view with a return of 11.8%. Importantly, our longer term returns suggest that we can achieve positive returns even in difficult markets.

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

MSCI World Index Sector Performance (AUD)

SECTOR	QUARTER	1 YEAR
Telecommunications	1%	2%
Consumer Staples	1%	12%
Utilities	-1%	-4%
Consumer Discretionary	-2%	16%
Health Care	-3%	5%
Industrials	-4%	14%
Information Technology	-5%	10%
Financials	-7%	5%
Materials	-8%	13%
Energy	-8%	-4%

Source: MSCI

Currencies

As noted above, the currency markets were particularly volatile. Fortunately we held our ground, avoiding loading up on Australian dollars when the market's belief in growth was still strong. Further, we profitably traded the June intra-month move and cut the position before quarter end to leave our net exposure about level at 17%.

There are clear sovereign risks within the Euro zone but our belief is that in a relative sense, the Euro is far from a basket case. The resilience of gold suggests that all fiat currency is generally distrusted and that following the recent large realignments, the market is responding to relative attractions rather than absolutes. We do, however, remain predominantly long the US dollar although hints of the need for more fiscal stimulus could readily cause a further shift in our position in favour of the Asian bloc.

At quarter end the portfolio was positioned with 34% exposure to the US dollar; 25% to assorted Asian currencies; 15% Euro; 6% other European currencies and 17% Australian dollar.

Shorting

The shorts that cost us dearly in the first quarter of 2010 reversed solidly in our favour in the last three months. Our overall position of being short approximately 20% of the entire portfolio changed little but we rotated somewhat. We remain short industrial growth sensitives in both the US and Europe; several specific Exchange Traded Funds (ETFs) covering retail and property stocks in the US, as well as stock market indices. The short on the Japanese Government Bonds (JGBs) is working against us at present though we had cut the position shortly before prices ran up, leaving us with a 13% position. (We remind readers that the duration of this position is low.)

Portfolio Position

We have been progressively moving the portfolio to a more defensive stance. As you can see from the schedule over, which is a proprietary classification of sector exposures, the portfolio has little invested in cyclicals (materials and energy), industrials and financials. To the extent that we own financials they tend to be non-banks and are principally located in Asia. The same bias applies to our exposure to the consumer. Within information technology, we favour software vendors and there is a conspicuous weighting to large pharmaceutical companies in health care.

Johnson & Johnson, Merck and Sanofi-Aventis are among our biggest holdings and recently we have been adding Roche. Together with its peers, this company has been adversely affected by concerns about government spending cuts, drug development issues and seemingly pedestrian earnings prospects. While these worries are legitimate, it comes back to the question of price! The sector is now trading on a multi-year low versus other sectors and some are valued as though their businesses will actually shrink in the years to come! Some are far better placed than the average regarding impending patent expiry of blockbuster drugs. Often under-emphasised too are the changes within these companies such as the cutbacks on sales and marketing (which is helping to ameliorate the effect of weaker drug pricing); the risk sharing on drug development; alliances with biotech boutiques; the development of their over-the-counter portfolios, which includes branded generics; and lastly, the growing significance of their emerging market businesses.

Platinum International Fund Industry Breakdown versus Index Weightings (%)

SECTOR	ASIA	NORTH AMERICA	EUROPE	TOTAL	WORLD INDEX
Technology	8.0	9.0	1.2	18.2	16.8
Health Care	0.7	5.4	3.8	9.9	6.6
Consumer	7.6	-	8.6	16.2	17.3
Investment/Industrial	4.2	1.7	6.6	12.5	9.8
Materials/Energy	0.8	2.9	2.0	5.7	16.1
Services/Property	4.4	0.5	1.0	5.9	11.9
Financials	11.0	0.3	1.8	13.1	21.5
				81.5	
Gold				4.1	
Total				85.6	100.0

Source: Platinum and Factset

In the case of Roche, its portfolio is heavily weighted towards biologics. Unlike chemical drugs, bio-similars face a different kind of competition once the patent expires. Competitors need to achieve similar efficacy which cannot be deduced from simple chemical analysis. This results in a significantly different decay path as the drug ages. Unlike other large pharma, Roche has cemented its position with the development of molecular diagnostics at the genetic level. This permits far greater specificity to match the drug to the patient. These tests are good for their own drug development in identifying appropriate patient target pools and will also augment revenues when the tests are used for competitors' products.

In contrast to health care, we find it difficult to raise much enthusiasm for the supposed turnaround sector, banking. As we have noted before, western banks face a barrage of political and operational issues that will depress return on equities in the years ahead. Yes, there will be trading opportunities, but this can be said of many other sectors.

Within western financials we have developed a liking for insurance companies that are often cheaper than banks and generally took their restructuring punishment following the 2001 bear market in equities. True, the yields on their bond portfolios are going the wrong way (falling) in relation to their promises to their policyholders. Further, in sophisticated markets, their share of such gains that they do make on their investment portfolios are tightly regulated but equally, the level competition reflects a highly consolidated industry. Our significant holdings are Allianz (a composite insurer with a strong continental European base but broadening into the US and Asia) and T&D in Japan. Both sell below their embedded value, a measure that has become scorned following the loss of asset values. However, we regard these as resilient companies that actually benefit in a world of uncertainty and stressed government finances.

This easy-going, slow growth picture does not apply in Asia where we have been buying Ping An Insurance to complement a reduced position in China Life. Unlike the latter market leader, Ping An has its origin as a private venture and has been quick to adopt western practices in the way it runs its consolidated back office and its sales force. It has made errors in venturing ahead of itself in acquiring a stake in Fortis. With this fresh in the management's mind, we feel it is unlikely to stray abroad for a while to come.

The share has been weak, having retreated 14% from its 2008 peak, even as it has grown at over 30% a year exploiting strongholds in Beijing and Shanghai and gradually deepening its distribution in the smaller cities.

At present, life insurance is very much a middle class product in China and as prosperity spreads we can, at this stage, see little to interrupt both a strong growth and unusual profitability.

In information technology, our predilection is towards the ticket-clipping companies that supply software solutions like Microsoft, SAP and Amdox or those that have a strong grip on the hardware plumbing of the internet like Cisco and Qualcomm. The latter is a new holding which is suffering from the broad de-rating of quality companies that we have been alluding to for several quarters now.

Qualcomm is unique in that it has parlayed its founding technology of CDMA (code division multiple access) to become a virtual gatekeeper to the much broader Wideband CDMA technology that is core to all third and fourth generation mobile devices. Hence it collects a royalty on every mobile device being shipped other than those employing the now fading GSM standard. The company is the quintessential play on internet mobility and with adoption quickening as manufacturers use their own or Google's Android platform to try to replicate the success of Apple's iPhone, volume will explode. Of course, there are competitors such as Broadcom, MediaTek and prospectively Intel. The other threat is price decay of devices shipped. We see this as the principal threat to this company's earnings growth. So long as price declines of smart phones in the West do not exceed high single digits, we figure that volume gains will more than compensate for falling unit value.

In a world where we see pricing power being central to achieving positive investment returns, Qualcomm should be able to achieve low teens EPS growth. The same applies to Infineon. This is a company that has been through major restructurings and a share price action to match. We bought it well at the lows, traded the position down and now are doubling our holding to participate in the realisation of its remarkable credentials as market leader in power chips to auto assemblers and industry. These mysterious products that have acronyms like IGBT and MOSFET are crucial to the conversion of energy from direct current (read green energy) to alternating current (that which drives motors) and puts Infineon at the heart of energy conservation and alternative energy sources. The share trades on around 10 times 2011 earnings with 15% of its capitalisation sitting in cash and likely to rise if it sells its mobile device chip business.

Commentary

It seems likely that we will hear a lot about defaults in the time ahead. Sitting cosily in the developed world many of us tend to forget how common these have been in the past. As recently as the 1980s we had numerous defaults among Latin America and other countries, with Argentina at the forefront. Delving further back, the record of Spain and France between the sixteenth and the end of the eighteenth centuries reveals a miserable six and eight respective episodes of default in these countries[1]. The style and type of resolution has shifted over time and has become progressively more costly for lenders. For example, the Brady work-outs of the 1980s involving 17 countries left creditors with little for their foregone interest, and haircuts on their principal of typically 30% to 50%. So what you remark, well the world got over those and...

While these write-offs are horrible for the equity of banks and hence likely to impede loan growth, the more worrying development is that fiscal rectitude is *de rigueur*. With a Calvinistic view about debt it is hard for the writer to disagree with the stance that is emerging in Europe, but it does point to the need for the private sector to leap into the breach to fill the gap created by government austerity measures. Interestingly, the work-outs of the Nordic countries in the 1980s saw the private sector do just that, admittedly aided by improved competitiveness from meaningful devaluations. This seems to be happening again for countries like Britain and recently Ireland. Though tied to the Euro, Ireland has reported an upturn of its economy in the first quarter on the back of strong exports. However, without more flexibility in the exchange rate of the Chinese yuan, the door to all those nations trying to resolve their problems through shifting resources abroad (ie. exporting) looks discouragingly narrow.

Turning to the matter that perplexes us most: the sustainability of corporate profitability. We have long questioned the above trend of corporate profit share; the high level of company earnings in relation to sales and assets compared to their long-term trend, particularly those in the US. Clearly, the opening up of vast pools of competing

[1] For enthusiasts, we can recommend you read "Debt Defaults and Lessons from a Decade of Crisis" by Federico Sturzenegger and Jeromin Zettelmeyer.

manpower in Asia and elsewhere has diminished the bargaining power of labour to the advantage of capital. In addition, the cost savings from outsourcing have initially been kept by capital as new cost levels are slow to be reflected in selling prices. However, having lived with portfolios dedicated to Japan and Europe we have also witnessed the difficulty companies face when that lubricating salve of inflation is absent or small.

We have started to see some slippage of earnings with the likes of Best Buy, Dell and Paychex. Rather like the "buy on the dips" of the bull market of the 1990s, the subsequent bull period was sustained by a leap-frogging of earning estimates in the face of rather subdued sales rises. Intuitively we feel this will now reverse and the game will be to stay ahead of the analysts as they try to guess the deterioration forward curve. This will be a gradual process as there have been structural changes and consolidation in some industries. This is the environment we are building into our thinking as we try to navigate our way through the troubled times ahead.

Conclusion

It is easy to see lots of issues facing equity markets. What gets less airplay than it perhaps deserves is that the corporate sector is cashed up[2] and valuations are as low as they have been for years.

The skill will lie in the bets one makes regarding stock selection, as the returns from the underlying market may be dull due to the de-risking process which is part of an ongoing deleveraging process.

[2] For example, total liquid assets of the US non-farm, non-financial sector expressed as a percentage of net worth is at its highest level in 60 years at over 14%. This, in part, is because the recession reduced equity by about 22% but also because of the strong kick-back of profits and the historically low level of capex. The mean over these years has been 8.9%!

Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
North America	30%	28%
Asia and Other	24%	23%
Japan	22%	26%
Europe	13%	14%
Australia	1%	1%
Cash	10%	8%

Source: Platinum

Portfolio Position

Changes in annual portfolio composition:

Sector Breakdown

SECTOR	JUN 2010	JUN 2009
BRICs* Consumption	17%	24%
Defensive	16%	7%
Japanese Domestic	12%	11%
Technology	12%	7%
Consumer Cyclical	10%	12%
Gold	10%	7%
Commodity	5%	9%
Capital Equipment	4%	6%
Alternative Energy	2%	4%
Other	2%	3%
Gross Long	90%	90%

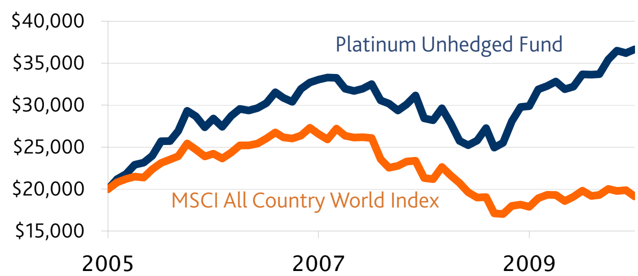
* Brazil, Russia, India and China

Source: Platinum

We have used the term "Consumer Cyclical" in a very broad sense; it includes technology, internet, transport, financials etc and similarly "Defensives" includes pharmaceutical, telecommunications, utilities, etc.

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

Performance and Changes to the Portfolio

Over the last 12 months the Fund rose 22.7%, outperforming the MSCI All Country World Index (A$) benchmark by 15.7% and over the past quarter the Fund rose 3.3%, outperforming the benchmark by 7.8%.

Looking at the sector breakdown table, investors will note over the last 12 months we have been quite aggressive in our repositioning of the Fund away from the more cyclical parts of the market. As many of our "BRIC" consumption and commodity type stocks hit their price targets (in many cases much earlier than we expected) they have been sold and replaced by investments in areas where we were seeing good value: high quality technology, large-cap pharmaceuticals and high sustainable dividend yield stocks (telecommunications, services, technology, et al).

The quarter ended with many of the imbalances that we have previously alluded to in the spotlight. However, we were a little surprised by how quickly the Greek (or more broadly Club Med) sovereign crisis (which is really a European banking crisis) manifested in Euro weakness – we had held some hope, that the Japanese yen would be weakest of the big three currencies (US dollar, Euro, Yen). Fortunately, with Europe by far the weakest region for equity returns for the quarter (measured after currency effects), more by accident than design, the Fund's quite low exposure here has minimised the collateral damage. Further, we continue to maintain a zero exposure to both European and US banks as the Japanese experience has taught us the pointlessness of such investments in a deflation prone environment.

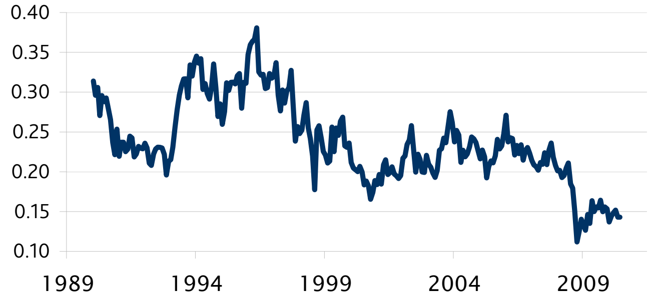
Whilst all of our broad themes outperformed the benchmark, our macro bet in gold dominated performance. The "BRIC" consumption stocks were next in line eg. Soho China and Ramayana, followed by Japanese domestic plays eg. Obic. Not surprisingly, given the growing fear of the sustainability of the Western world recovery and a policy induced Chinese property slowdown, our worst performers were to be found in the consumer cyclical area eg. Microsoft and Electronic Arts.

During the quarter we added positions including China Life, Cisco, Qualcomm and International Paper. We funded these positions by fully exiting certain stocks that had reached price targets or suffered waning conviction levels including: Micron Technology, Veeco Instruments, Nikon, Daiwa Securities, OSI Pharmaceuticals (subject to a successful takeover bid) and Canfor Pulp (preference for a large paper/containerboard player to a niche pulp producer, hence, our acquisition of International Paper).

Looking at the portfolio composition as it stands today, our four most active bets are a large position in Japanese domestics, global technology stocks, large-cap pharmaceutical stocks and gold stocks. The rationale behind our Japanese domestic and technology holdings has been well-covered in previous quarterlies and the rationale for holding pharmaceutical stocks is well covered in this Platinum International Fund Quarterly Report (for further background see Bianca Elzinger's September 2009 Platinum Health Care Fund Quarterly Report). Given the recent outperformance of our gold stocks, we thought it timely to remind investors of our basic rationale for holding these stocks.

The Platinum Unhedged Fund has held a 7-10% position in gold (and Platinum) stocks since early 2007. Over this time, the large cap positions, Barrick and Newmont, have performed roughly in-line with equity markets, though providing some downside protection when asset markets have been most dysfunctional (mid-2008) and again just recently. Given the out-performance of the metal relative to most other assets, we are somewhat disappointed that we haven't made more money here. The key reason for underperformance of the gold equities (using the Philadelphia Gold & Silver Index) relative to the metal (see chart over - close to a 27 year extreme) is due to the accumulation of the metal by investors who do not want equity market risk (Gold Metal Exchange Traded Fund intake on a trailing 12 month basis represents 17.8% of metal demand, up from 4.4% in 2005). Other contributing factors would include high starting PEs (ie. in 2007 the forward gold equity PEs were in excess of 30x), legacy hedging and rising production costs.

Philadelphia Gold & Silver Index Relative to Gold Price



Source: Bloomberg

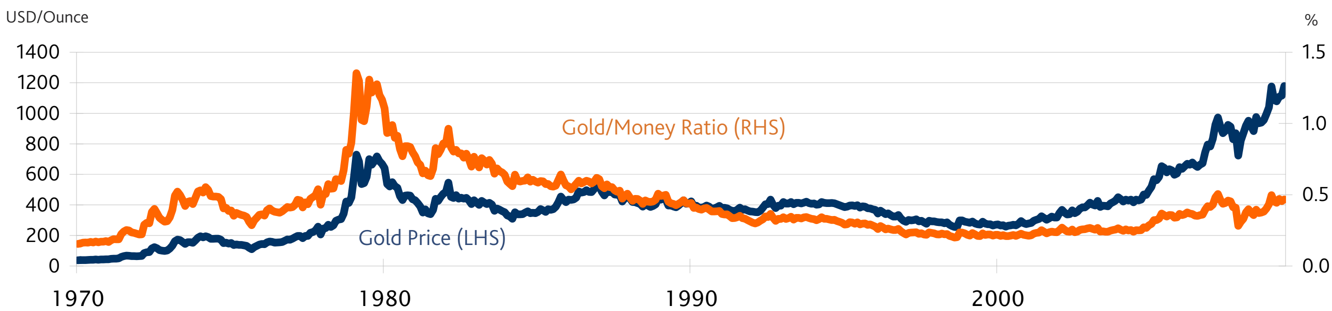
So the question is - now that the forward PEs are around 15x, is it timely to own gold stocks? To answer that question, one needs an appreciation of the factors driving the gold price. Whilst gold has traditionally behaved as a hedge against a weak US dollar, it is now behaving as a hedge against general financial asset risk and growth in the monetary base. There is no easy way to measure this relationship. We have calculated a global proxy for money based on a US narrow money series and a proxy of the value of above ground gold metal going back to 1969. Since 1970 the ratio of Gold Stock/Money Stock has averaged 0.42%, it hit a high of 1.31% in 1980 and is currently at 0.47% (see chart below). The point to note is that the ratio is the same level as the recent June 2008 peak, even though the gold price is 27% higher, as the money stock has also grown by 27% over two years – the gold price is just keeping up with monetary base growth.

There is still room for significant upside in both gold metal and equities if macro-economic factors (eg. a jobless recovery in the US) pressure Western governments to declare war on deflation by unleashing a further round of central bank purchases of financial assets (and ultimately monetisation of government deficits) aimed at currency devaluation. Central Banks may attempt to combat a fall in demand for credit (and a declining credit multiplier) with a significant increase in base money. The short-term risk for gold is the growing global discussion regarding the need for fiscal austerity – whilst this may suit the purposes of countries with external surpluses (China, Germany and Japan) it would spell a deflationary disaster for countries that are trying to decrease debt/GDP ratios via nominal depreciation of their debt. However, with the US unemployment rate close to 10%, we think it will be very difficult for US politicians to seriously embrace fiscal austerity.

Outlook

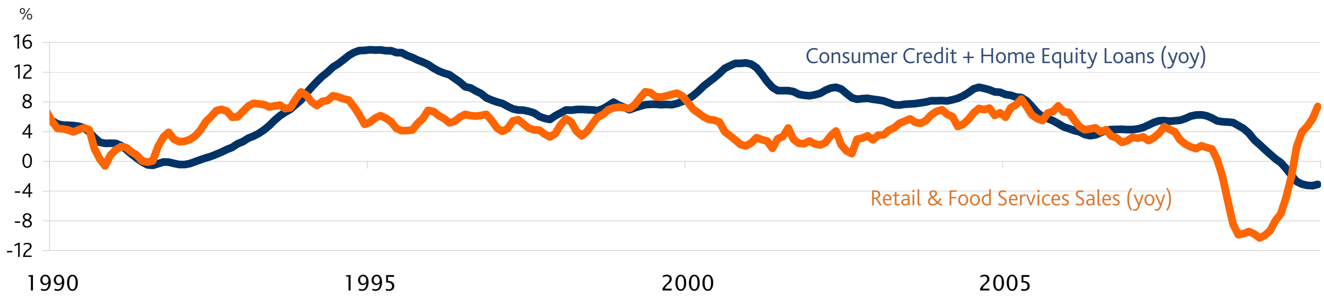
We have repeatedly voiced our concerns regarding the current cycle eg. the sustainability of fiscal stimulus, the implication of banking assets gradually piling up on the European Central Banks (ECB) and Federal Reserve's balance-sheets; and as the quarter progressed some of those concerns impacted the market. See exhibit A (see chart over) for why one should be wary of the US rebound. There is a disconnect between solid retail sales growth and consumer credit growth (very weak) ie. in the past these have been unsurprisingly highly correlated – not anymore, which leads us to believe that much of the current spending is underpinned by the Federal Government's fiscal stimulus transfer payments. When the fiscal stimulus

Money Stock versus Gold Stock (Global)



Source: MF Global, RBC Capital Markets, Bloomberg, World Gold Council, US Geological Survey

US Debt Financed Consumption versus Retail Sales



Source: Ned Davis Research

starts to wear off in 2011, the muddle-through outcome for the US would involve some sort of rebound in construction/capital equipment spending ie. combined residential and non-residential investment to GDP is at at a multi-decade low.

The positives to be taken away for the quarter would include:

- The restart of the Yuan revaluation process provides the Chinese an inflation management alternative to the heavy handed "administrative" clamp-down approach and begins a much needed global demand rebalancing process.
- Non-bank corporates globally are generally well capitalised.
- The correction in share prices is seeing value re-emerge.

We would expect markets to remain volatile until Chinese authorities ease-back on the residential property market clamp-down. The catalyst for this will be benign inflation data. Ironically, the worse the Western hemisphere economic data looks, the more likely the Chinese are to start easing policy. We will be looking to gradually reposition the Fund to take advantage of such an easing as its likelihood grows.

Platinum Asia Fund

Andrew Clifford Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
China (Listed Ex PRC)	17%	17%
China (Listed PRC)	9%	9%
Hong Kong	6%	7%
Taiwan	6%	6%
Greater China total	**38%**	**39%**
Korea	17%	15%
India	9%	9%
Thailand	9%	9%
Malaysia	6%	6%
Singapore	6%	5%
Indonesia	3%	3%
Philippines	3%	3%
Vietnam	1%	1%
Cash	8%	10%
Shorts	1%	2%

Source: Platinum

Performance

Performance (compound pa, to 30 June 2010)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	2%	14%	4%	14%	21%
MSCI AC Asia ex Jp Index	3%	17%	-2%	9%	12%

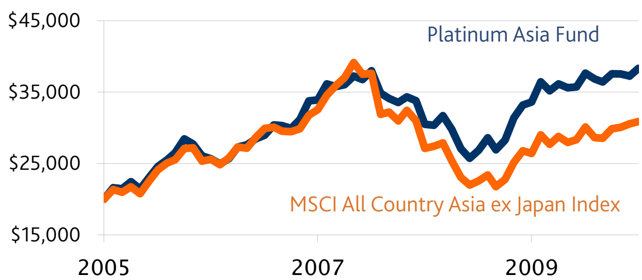
Source: Platinum and MSCI. Refer to Note 1, page 40.

Asia stocks fell almost 3% during the quarter, led by the Chinese markets of Shanghai, Hong Kong, and Taiwan, as they responded to the prospect of lower economic growth for China as credit restrictions began to impact the property market. A falling Australian dollar, however, more than offset these falls resulting in a market return of 3.3%.

The Fund's performance was slightly off the pace of markets, both for the quarter and the past year. During the quarter, the better performing holdings once again came from the ASEAN markets including Gamuda (Malaysian construction company, up 20%), Genting (Malaysian and Singaporean casinos, up 19%) and Jardine Matheson (regional conglomerate, up 15%). Also our short positions in a number of Asian steel and iron ore companies made a small contribution to performance. The poorer performing part of the portfolio were the China related holdings, in particular those listed in the A share market.

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

Changes to the Portfolio

During the quarter the Fund took advantage of the weakness in China related shares prices to add to holdings. New holdings included Ping An Insurance, China's second largest life insurer. Along with China Life, the industry leader (and another Fund holding), Ping An is quickly growing its book of profitable long-term policies. The stock price had been sold-off due to the impact of the falling A share market on its short-term investment returns, providing the Fund with an attractive entry point into a business that is well-placed to benefit from a growing pool of Chinese household savings. The Fund also returned to an old favourite, China Vanke which is China's leading residential property developer. Developers have performed poorly as a result of the set back in property sales (discussed below), with China Vanke A shares trading at levels experienced during the last months of 2008. The company has a portfolio of development projects across a broad range of Chinese cities, with a potential gross floor area of over 20 million square metres.

Another new holding is Ambuja Cements in India. The cement industry is facing a period of oversupply that is depressing cement prices and profitability. As a result we are able to purchase the business at a small premium to the replacement cost of its modern and low cost plant. The excess supply situation we expect to be relatively short lived as India pushes ahead with infrastructure development. Elsewhere we continue to add to our holdings in Samsung Fire and Marine and Dongbu Insurance in Korea which we discussed in the previous quarterly. Purchases were funded from new cash inflows to the Fund as well as sales of stocks such as Plus Expressway (Malaysian toll road) and Far Eastone (Taiwanese mobile phone network) which have both been solid performers over the last three years and have provided the Fund with recurrent dividend income.

On the short side, we closed out positions of Chinese steel companies at a good profit. The end result was that the net invested position of the Fund increased from 88% to 91% over the quarter.

Commentary

Economic theory would suggest that a country that fixes its exchange rate at an undervalued level will experience inflation until the advantage garnered by the mispricing is removed. Thus it is not surprising that the return of China to a fixed exchange rate for the Yuan post the global financial crisis and the collapse in their exports has once again made inflation the central economic issue for the country. The way inflation presents itself across a range of prices for different goods and services, assets such as property and shares, and labour, will vary considerably depending on the circumstances in the market for each of these items. This of course presents a series of opportunities and risks for investors as well as major challenges to politicians as inflation invariably leads to changes to the distribution of income across various groups within an economy.

The most problematic occurrence of inflation in China in the last year or so has been in the residential property market where prices moved up steadily across the course of 2009. The most spectacular moves were seen in some areas of major cities such as Beijing and Shanghai where prices moved up as much as 50%. Rising prices, while satisfying for those who have already purchased, are a matter of much consternation for the significant number of people who have not and for the country's leadership who feel the heat from a disgruntled population as much as any elected politician. Not surprisingly various measures to restrict lending for residential property purchases were reintroduced late in 2009 (as reported in our December report). Subsequently sales of new apartments have fallen over 50% from the peak reached late last year. As new residential construction accounts for as much as 12% (or more) of economic activity, the collapse in new apartment sales was a significant event for not only Chinese stock markets but also for a range of commodity and related markets such as the Australian dollar. And yet because the majority of apartments are not constructed until after they have been sold, the impact of this decline on the economy will not be felt until toward the end of this year at the earliest.

During June a series of labour disputes, mainly impacting foreign joint ventures (and in particular Japanese auto related JVs) have put the spotlight on the tightness in Chinese labour markets. These disputes have been resolved with increases in base pay of as much as 30% in some instances, though as base pay is often only half of the total labour cost the increase isn't quite as dramatic as it appears. In addition, local governments have also been announcing increases in minimum wages of the order of 20%. All of this has led to some fearing a blowout in Chinese labour costs, escalating inflation, and ultimately a loss of export competitiveness. For the moment this doesn't seem to be the case. Various sources suggest that labour costs in China have been increasing at average rates of 15% for the last five or six years, with a pause when the collapse in exports occurred in late 2008. As such the current hikes in labour costs don't for the moment look particularly out of line with history.

Indeed the statistics available suggest much of the increase in labour costs has been offset by improvements in productivity. Even if these are not reliable we can surmise from trends in manufacturing profitability and prices that these increases have been comfortably absorbed to date. Thus the prospect of a significant wage led price spiral seems distant for the moment. Nevertheless, the potential for general increases in inflation remain a possibility given the tightness of labour markets. It is for this reason that the announcement that China will return to a more flexible exchange rate system is important. Although the exchange rate issue is usually viewed in the West in relation to trade imbalances, the other side of the coin is that exchange rate flexibility provides another policy mechanism to manage the economy[1]. The lack of a significant immediate revaluation of the Yuan has led many to dismiss the change as pure political posturing, however, it should be remembered that last time the Chinese pursued such an approach the Yuan strengthened by 20% against the US dollar in the subsequent three years. Further, the removal of tax rebates on a range of commodity exports such as steel, reinforces the decision to change the exchange rate mechanism.

The key benefit of the country moving toward a market determined exchange rate will be an end to the boom-bust cycle that the residential property market typifies. This should result in a less volatile earnings environment for companies and most likely a higher valuation placed upon Chinese earnings.

Outlook

Equity markets have had plenty of problems to deal with over the last quarter. Besides the slowdown in property sales in China and its implications for growth, there has been the unfolding dramas in Europe, a region which is a significant export market for Asia. The China related markets have fared poorly, in particular the China A shares, which are now down almost a third from the highs set in mid-2009. Other regional markets have been somewhat more resilient having bounced back from a good sell-off during May. Nevertheless, with bad news of this magnitude having dominated the headlines for some time now, one would usually assume most of these negatives have been priced in. Certainly when paired with the attractive valuations of many of the Funds holdings, one would be optimistic about returns both in the short and medium term. However, there remains room for further disappointment for markets with recent data suggesting the US economic recovery is starting to falter.

[1] In economies where the exchange rate freely floats it will, for example, typically reinforce the impact of an interest rate hike by appreciating, thus creating another mechanism which will slow growth and inflationary forces.

Platinum European Fund

Clay Smolinski Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
Belgium	2%	3%
Finland	3%	3%
France	25%	27%
Germany	41%	37%
Italy	3%	3%
Netherlands	2%	2%
Norway	1%	2%
Sweden	3%	2%
Switzerland	3%	3%
UK	8%	7%
US	1%	1%
Cash	8%	10%
Shorts	8%	5%

Source: Platinum

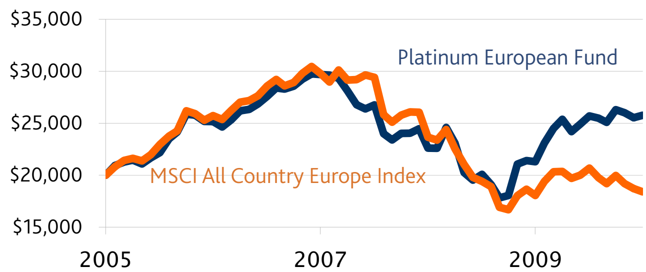
Performance

The weakness in European markets continued throughout the quarter as the fears around sovereign debt spread from Greece to engulf the Spanish and Portuguese bond markets. Within the context of spiking sovereign borrowing costs, a falling Euro and the memory of the Lehman Brothers collapse still fresh, the European Central Bank (ECB) and International Monetary Fund (IMF) stepped in to provide a €750 billion liquidity package to fund any sovereign debt issuance, should it be needed. Whilst the package momentarily calmed the markets, the focus has now shifted to solvency and growth, and can the affected nations grow their economies in the face of synchronous fiscal tightening across Europe.

Within the core European markets, the FTSE (UK index), CAC (France) and DAX (German) were down -14%, -13% and -4% for the quarter respectively, with the DAX benefiting both from its heavy composition of exporters who are helped by the falling Euro and the perception of Germany as a safe haven. The Mediterranean belt countries were again the hardest hit with the Italian (-18%), Spanish (-24%) and Greek (-34%) markets all down heavily year to date.

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

Whilst the sell-off was broad with few sectors spared, the bright spots were the aforementioned beneficiaries of the weaker Euro, with the Aerospace suppliers (Safran +19%, EADS +13%) and European truck and luxury vehicle manufacturers (Daimler +20%, BMW +17%, Volvo +20%) doing well. The key areas of weakness were the financials (Soc-Gen -26%, Intesa Sanpaolo -21%, AXA -22%), the miners (Xstrata -29%, Rio Tinto -24%) and finally the utilities (E.ON -19%, RWE-18%) who have not lived up to their defensive billing, as governments are now seeking to tax the windfall profits these generators make on their nuclear assets.

For the quarter the Fund returned -2% versus -7.9% for the MSCI AC European Index. The relative performance of the Fund was helped by our holdings in the aforementioned aerospace and auto manufacturers (BMW, Safran, EADS, Daimler), along with very little exposure to financials and the Mediterranean markets. Over the past six months the Fund's return is virtually stagnant, the only consolation being the return relative to the Index which was down 11%. The twelve month return is pleasing with the Fund up 21% versus the Index up 2%.

The currency position of the Fund has not changed dramatically, however, we did add a little to our Australian dollar position as it fell from 0.72 to 0.65 versus the Euro in mid-May. The risks around the Euro are well advertised and probably overplayed when viewed in a relative sense compared to the other majors. The Fund's major currency position is 44% Euro, 25% Australian dollar, 13% Norwegian kroner and 8% in the British pound.

Commentary

We left our last quarterly with the EU members deliberating back and forth over the design of an eventual rescue package for Greece. Since then the change in the speed and magnitude of the policy response has been dramatic to say the least and the timeline of events worthy of some comment. The Greek Government received their bailout in the form of a €110 billion funding package, a significantly larger sum than what was being discussed in February-March and enough to cover their borrowing needs for three years. However, this had little effect in calming the bond markets, whose focus had now firmly shifted to questioning the solvency of Portugal, Spain and to some extent Italy. Meanwhile, the expectation of some eventual debt restructuring by Greece has become almost a foregone conclusion.

Linked to the fear over government solvency in Europe is concern about the health of the banking system. The more immediate concerns are around the domestic loans books in places like Spain where there is an expectation that bad loans stemming from the property bubble which have not been fully recognised, will only get worse once government spending is pulled back. The more distant fear is a scenario where given the cross holdings of government debt within Europe (ie. German financials holding Italian and Spanish debt), an eventual sovereign default will trigger the need for a big cash injection into the banking system.

Combating the problems above, we have seen the following policy responses over the quarter:

- The aforementioned €750 billion ECB & IMF sovereign funding package, separate to the funds pledged to Greece.
- Spain implemented their version of the US Troubled Asset Relief Program (TARP) programme, the Fund for Orderly Bank Restructuring (FROB), as well as forcing a number of their unlisted regional banks (the cajas) to merge. The FROB can take up to €100 billion of bad loans onto its books and while this merely shifts the debt onto the government's balance sheet it will foster confidence that the banking problems are being managed.

- The ECB is currently performing stress tests on the top 100 European banks, with the results to be published mid-July. We have been provided little detail on the metrics used but if the 'stress scenarios' are seen as credible and there is a mechanism for capital injection, it will be an important step forward.

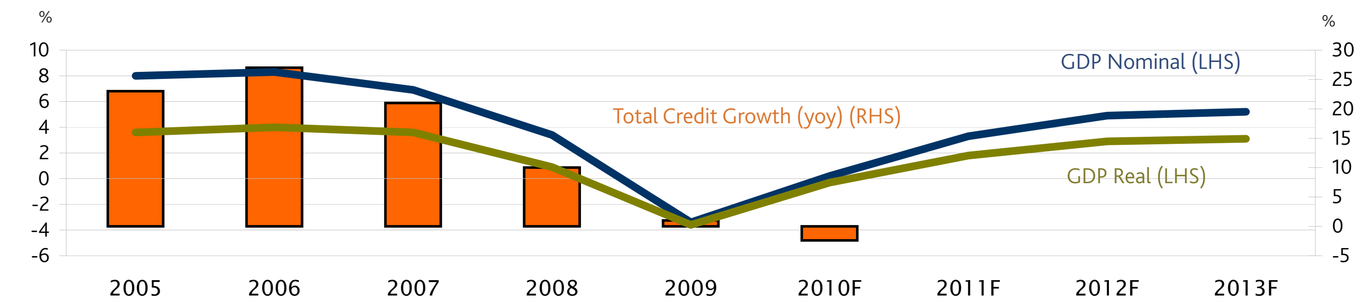
With the bulk of rescue packages behind us, the scene is now set to answer the critical question, can the UK, Spain, Ireland etc go against Keynesian economic theory and grow their way out of trouble while cutting government spending? Given the political tensions between the single currency members, the success or failure of this goal could be a turning point in determining the future make up of the euro-zone.

A quick look at any European newspaper will reveal plenty of articles discussing the 'severe' and 'painful' cuts being made to public finances. Without wishing to make light of the situation of those civil servants who have endured 5-10% pay-cuts in places like Ireland, the reader may be surprised by the fact that total government expenditure in each of the emergency budgets presented by the UK, Spain and Ireland doesn't actually fall. In each case[1] expenditure jumps dramatically in 2009-2010, and then grows slowly by 1-2% over the next 3-4 years. Coupled with the fact that *in aggregate* the budgets have refrained from raising taxation by any meaningful amount, the debt reduction targets of these countries are hugely reliant on achieving their economic growth projections. It would seem Plan A is to slow spending and hope revenue growth copes with the rest.

The problem with this is that the growth expectations of the countries (shown in the graphs below) look fairly optimistic and the forecasts tend to mimic the trends seen earlier in the decade. The key numbers to draw your eye to are the credit growth figures. We have often pointed to credit growth as one

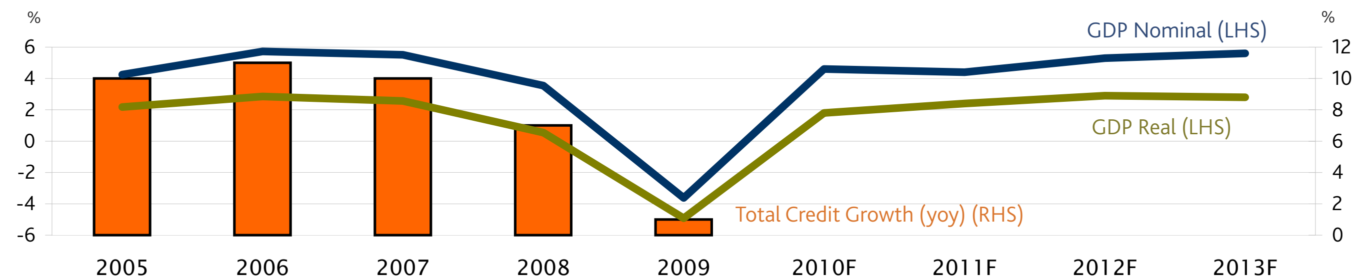
[1] Ireland is the only exception with a one off €8 billion cut to capital expenditure in 2010.

Spanish Government GDP Forecasts



Source: Factset, UBS and ECB

UK Government GDP Forecasts



Source: Factset, UBS, ECB and British Treasury of the key macro indicators to watch during the recovery. Future consumption is being recognised today when lending is growing, deferred to tomorrow when shrinking. Whilst there will be a bounce back in activity given the scale of the declines, can we really go back to past growth levels now that credit has collapsed? While there is always plenty of scope to be surprised (ie. -20% devaluation of the pound against the US and Euro will boost exports) we remain sceptical these figures will be achieved.

Changes to the Portfolio

During the quarter we used the fall out over the AIA bid to build a position in UK based insurer Prudential. Whilst the acquisition of the AIA business would have been a unique transformation, the standalone business of Prudential is not uninteresting. Its UK life business is well positioned given its long heritage in that market, having avoided many of the pitfalls that have plagued the competition. Prudential's US business Jackson National weathered the global financial crisis far better than peers and is now gaining share as a result. Its ranking on new business written within the variable annuity market has lifted from 12th in Q4 2008 to 4th in Q4 2009. Most interesting is the 30% of Prudential's business located in emerging Asia (India, Indonesia, Vietnam etc). Distribution is hugely important in these markets and Prudential, having been there longer than most, has built an experienced tied agent sales-force. Prudential is one of the many interesting bottom up ideas we are finding in the insurance sector, and on 8x earnings or 0.8x embedded value, looks attractive.

After meeting the company in June we reinstated our position in Infineon. We think the company is set to grow profitability with its outstanding positions in automotive and industrial semiconductors. Also, a possible sale of their wireless division adds an interesting angle to the investment case. These acquisitions were partly funded via our exit of holdings in JCDecaux, Elringklinger and Schindler, all having been excellent performers for the Fund.

Outlook

As the content of the report demonstrates, the focus of the market has firmly shifted back to macroeconomic predications, with the debate over US and Asian growth now taking centre stage. In contrast, while still cautious about the future, the message from the companies is that conditions continue to improve. For instance, Publicis (French based global advertising agency) has seen a strong rebound in advertising spend over the past four months and Lufthansa is reporting a strong return in air-cargo volume and pricing.

We are aware it won't be all smooth sailing ahead, however, on balance given the fall in European markets and attractive valuations, we have been happy to use our cash to add to positions. At the time of writing the Fund is 95% gross invested, with 8% in shorts and 5% in cash, giving a net invested position of 87%.

Platinum Japan Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
Japan	87%	87%
Korea	5%	5%
Cash	8%	8%
Shorts	25%	16%

The Fund also has a 14% short position in Japanese Government Bonds.

Source: Platinum

Portfolio Position

Changes in quarterly portfolio composition:

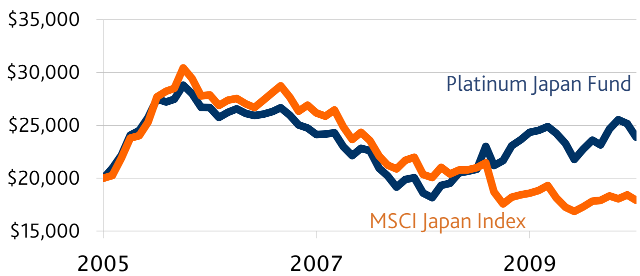
Sector Breakdown

SECTOR	JUN 2010	MAR 2010
DOMESTIC	52%	51%
Retail and Services	16%	15%
Financials	14%	15%
Telco, IT and Internet	14%	13%
Real Estate and Construction	8%	8%
EXPORT	40%	41%
Tech/Capital Equipment	17%	19%
Commodities	9%	8%
Alternative Energy	8%	8%
Autos	6%	6%
Gross Long	92%	92%

Source: Platinum

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

Performance and Changes to the Portfolio

Over the past 12 months the Fund fell 1.8%, outperforming the MSCI Japan Index (AUD) benchmark by 1.8% and over the past quarter the Fund fell 3.1%, underperforming the benchmark by 0.8%. For the quarter the benchmark fell 2.3% in AUD terms and 12.7% in local currency.

Whilst the quarter ended with many of the global imbalances that we have previously alluded to in the spotlight, we were a little surprised by how quickly the Greek (or more broadly Club Med) sovereign crisis manifested in Euro weakness – we had held some hope, that the Yen would be weakest of the big three currencies (US dollar, Euro, Yen). We were wrong. Our proposition that the Bank of Japan would gradually ease monetary policy on the way to eventual deficit monetisation as a way to weaken the Yen and weaken the deflationary impulse has been somewhat hijacked by events in Europe with the European Central Bank (ECB) having now taken its place beside the US Federal Reserve as a soft-currency central bank. The Bank of Japan continues to resist domestic political pressure to either target a "normal" exchange rate level or a "normal" level of inflation. The politicians remain inherently weak relative to the faceless bureaucrats.

So similar to most of the second half of last year, Yen strength weighed heavily on the market, with the Index closing the quarter at the low-end of the post March 2009 trading range. The fragility of the European banking system and the US economic recovery caused the Euro, US dollar and Korean won to depreciate by 14%, 5% and 12% against the Yen, respectively. From the perspective of a Japanese exporter, we sometimes wonder what else could go wrong. Anyway, for all the negativity surrounding the market, it is worth noting that year-to-date, in common currency terms, the Japanese market is one of the better performers, but with the performance coming from the strength of the Yen rather than the stocks. The problem for the positioning of the Fund is that we have tended to run an underweight position on the currency in preference to holdings in the Australian dollar, Won and US dollar and as you can see from the attribution, this has cost performance.

The 3.1% quarterly loss for the Fund comprised roughly:

- Long loss of 1.5%
- Short (stocks and indices) gain of 1.5%
- Japanese Government Bond (JGB) short loss of 0.4%
- Currency, cash and other loss of 2.7%

Given the Yen's strength, it wasn't surprising that the key contributors to long performance were to be found in the domestic part of the market and included mid-cap retailers Pal and Ain Pharmaciez, and our IT services and telecommunication stocks, Obic, Itochu Techno-Solutions and NTT Docomo. It was our commodity and financial stocks that cost most performance – we still see value here, even in a world with a less certain outlook. On the short-side, our persistence in shorting over-valued Japanese cyclicals was rewarded.

New Long Positions

We saw little reason to change our long portfolio composition during the quarter ie. we like the stocks we own and we think they are significantly undervalued relative to their profitability and growth prospects.

New Short Positions

Our most successful Japanese shorts were on exporters that had the most to lose from the Euro-Yen depreciation, either because they had large European businesses and/or competed with European companies. During the quarter we closed out three of these positions. Over the quarter our total short position increased from 16% to 25% largely with the re-initiation of a 6% short on the Kospi (Korean Index) as the Index rebounded almost to its one year high, and specific over-valued South Korean export names exhibiting marginal deterioration in business fundamentals. We cut the JGB short from 17% to 14% before global market action became too pro-deflationary.

Currency

Whilst we started the quarter with only 39% in Yen, before the Greek sovereign crisis/US growth crisis gathered too much momentum, we increased our Yen weighting back to 58% by decreasing our exposure to the Australian dollar, Won and US dollar.

Commentary and Outlook

With five different Prime Ministers in five years, Japanese politics makes even the Italians look organised. Regular readers would appreciate that we never held much hope for change with the initial election of the Democratic Party of Japan (DPJ), due to the obvious throw-back nature of the leadership (PM Hatoyama and Party Leader Ozawa were both ex-LDP, the long-term party of Government). With the resignation of both Hatoyama and Ozawa due to plunging electoral fortunes (ostensibly due to a fundraising scandal and a policy-reversal over the relocation of the US base on Okinawa Futenma but maybe, just maybe, quoting Bill Clinton's 1992 campaign slogan, "it's the economy, stupid") and the election of Naoto Kan, there is now some glimmer of hope for a fresh start. Kan's CV differentiates him from many of the old LDP, DJP cronies. Firstly, he is the first prime minister since Koizumi not directly related (son or grandson) to another prime minister and the first non-hereditary politician since Mori in 2000 ie. he is a political outsider. Secondly, he has a track-record of standing up to the bureaucracy and winning, which, in Japan, can only be a good thing. Having said that, we have set our expectations low as it is too early to know what Kan really stands for. He faces his first political test later this month with Upper House elections and we suspect that due to policy paralysis, the DPJ is unlikely to win the majority it seeks and, hence, will remain captive to the whims of coalition partners.

With the plunge in US and German ten year government bond yields to less than 3%, markets are finally considering the implications of debt induced deflation and a low nominal growth environment for a large part of the Western world. This may rob Japan of its "special status" as the only large economy to suffer long-term structural deflation. Already deflation is clearly present in the European periphery (Ireland, Spain etc) – the question is whether the US is now on the cusp of such an event. As students of Japan's twenty year deflationary experience we have learnt that you can still make money in this environment, however, it requires a deep understanding of the true growth potential of one's individual investments, as nominal growth becomes incredibly illusive.

Japan desperately needs a combination of pro-growth micro-economic reform and loose monetary policy/tighter fiscal policy to get back on track. Here are four anecdotes[1] that suggest some bottom-up pressure for change is building – the cynics would suggest that this is far too little too late, and we would tend to agree, however, we also know that change can bring opportunity.

Anecdote One: Conglomerates like Hitachi, Mitsubishi Heavy, Mitsubishi Electric, NEC and Toshiba which have generally been so keen to beat-up each other, have been marginalised globally by more nimble competitors. Having recently visited many of these companies and being disappointed by the rate of change, we are finally seeing some collaborative deals between these behemoths – no doubt, a response to some collective crisis triggered by Yen strength and a loss of face relative to foreign competition. However, the clan-like loyalty of these companies will make inter-company co-operation difficult. We will monitor closely how deep and desperate these arrangements are, for based on experience, it is only when the Japanese are truly desperate that the sacred cows are finally slain.

Anecdote Two: Komatsu and Toyota are rapidly increasing their hiring of local management in overseas subsidiaries – yes, strange but true.

Anecdote Three: the Japanese Government has drastically reduced the visa requirements for Chinese tourists to actively encourage inbound tourism – this is the common sense type micro-reform that Japan needs to develop a taste for if it is to drag itself out of its nominal economic malaise.

Anecdote Four: Osaka Prefecture Government is seeking to in effect nullify the Central Government's administrative clamp-down on the consumer finance sector (a sector we have a large investment in via our holding in Promise) due to the resultant small and medium enterprise credit crunch ie. the manufacturing heartland is sick of the anti-entrepreneurial nature of much of what the Japanese Government stands for.

Whilst we will continue our search for undervalued growth opportunities amongst Japan's deep and diverse stock market, we are actually pretty happy with the stocks we currently own. We think our financial stocks are just too cheap, we see a solid recovery taking place in the owner occupier housing market that is not being priced into the property developers, excellent opportunities in the health services market (in the country with the world's most rapidly ageing population) and most of our export stocks are global leaders that are being priced at around book value – and Yen strength may not forever be.

[1] We are not advocating that one should construct an investment portfolio on the basis of anecdotes.

Platinum International Brands Fund

Simon Trevett Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
Europe	36%	38%
Asia and Other	34%	30%
Japan	9%	9%
North America	7%	6%
South America	5%	6%
Cash	9%	11%
Shorts	9%	7%

Source: Platinum

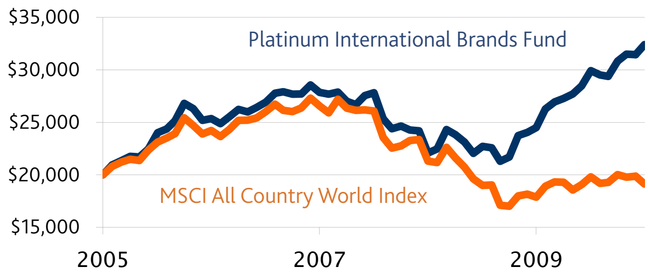
Performance

The Brands Fund passed the ten year mark this quarter which for a few score of unusually patient investors has also meant a reading marathon of 40 of these reports. More pertinent perhaps is that the Fund has achieved a compound return of 13.5% pa over that lengthy time and against a backdrop where the MSCI World Index, the Fund's yardstick, *declined* by a compound 3.8% pa. A more tangible expression for those original investors, assuming reinvestment of distributions, is that they have seen their investment grow more than 3½ fold.

The influence of instant communication, and an overwhelming abundance of seemingly essential information, has contributed to a ubiquitous concentration on much shorter time periods by which to assess performance. Yet in the world of consumer brands, the higher returns derived from the enduring strength of a successful brand are developed over much longer time frames, where even a decade can be a proportionally minor segment of a brand's history.

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

Nonetheless shorter term performance has seen the Fund achieve a return of 32% for the past twelve months, a relative outperformance of 25% against the MSCI World Index increase of 7%. In the quarter, the Fund returned a positive 5% in contrast to a decline of 4% by the MSCI World Index.

There have been strong performances by many of the Fund's holdings over the past year and quarter, partially undermined by the currency moves. The Fund's relatively large weighting towards Europe, more than a third of the Fund, has been heavily impacted by the decline of the Euro. Underlying this, however, when measured in Euros, many of our European holdings have performed relatively well.

In the past quarter, minor changes only have been required to maintain portfolio settings appropriate for the market conditions.

Commentary

The challenges of difficult consumer markets are pervasive, as are concerns that there is an almost overwhelming requirement to raise taxes, or at least reduce supportive transfers in many of the larger markets for Brands companies. It is against concerns such as these, along with a plethora of negative headlines, that investing in anticipation of ongoing conspicuous consumption can be challenging.

It may perhaps be surprising therefore to note that BMW has been unable to keep up with demand for their new 5 series, with waiting lists of 3-4 months in all markets. The Manheim Used Vehicle Index in the US has recovered to record levels as the dealer inventory of all brands has declined to a 35 year low. This has two constructive outcomes for BMW; their sales of used vehicles coming off lease are realising higher profits especially considering the substantial provisions taken last year and secondly, a stronger used car market has enabled a significant reduction in new car discounts.

A weaker Euro is assisting exports from Germany with incremental demand from China straining current capacity. It is likely to be into 2011 before BMW is able to fully meet demand for its new range. The incremental profit on demand from China is noticeably disproportionate to the existing business and apparently somewhat unexpected by the management team. They are hiring 5000 workers and increasing factory utilisation over their summer break.

Although the surge in demand and profitability from China may prove fickle, it is a useful fillip while the benefits of the new product range filter through. Some 70% of components in the 5 series are common with the new 7 series and in part, it is this underlying improvement in profitability from the work of the past few years that we are yet to see.

None of this has been lost on the market with BMW shares up nearly 20% in the quarter. BMW remains one of the top holdings of the Fund even though market concern about the duration or reliability of current demand is likely to become more prominent, and weigh on the share price in the near term.

We are clearly not the only ones looking for neglected or compelling opportunities. PepsiCo Inc attempted to take advantage of the adverse headlines in Thailand and made an offer for their bottler Serm Suk, a holding in the Fund that we enthusiastically described more than twelve months ago. The Board, CEO and major shareholders considered the offer inadequate and as Pepsi failed to attract sufficient acceptances, the bid failed.

Notwithstanding a four-fold appreciation in the share price since our purchase, we also viewed the price offered by Pepsi as somewhat opportunistic and not adequately reflective of Serm Suk's potential.

Serm Suk's shares have continued to trade above Pepsi's now withdrawn offer price. We are not concerned whether Pepsi makes another offer, sooner or later or even at all, but rather look forward to the continued good progress of the company. Pepsi retain their existing 41% shareholding.

PepsiCo is not unusual in having a strong balance sheet, good cash flow and a poor growth outlook in their home market. No doubt their business development or acquisition department is working long hours. It has been noticeably quiet, especially from such serial acquirers as Procter and Gamble, so we anticipate more examples coming to light from the large multinationals seeking greater access to growing markets, and by the most expeditious means.

Outlook

At the risk of appearing contradictory or obtuse, the outlook is both encouraging and disheartening. There are many opportunities and no shortage of ideas to pursue, for companies and for us as investors. Similarly, company management seem both encouraged by current results and yet also cautious and apprehensive of what is yet to unfold.

This apparent contradiction might be resolved by framing the discussion in respect of the time frames needed to reposition their businesses into growing markets. For example, the relocation of factories to the Asian region has often been presented and discussed in the context of cost management whereas increasingly we are presented with the idea that it is to service growing local demand. That is also a rather convenient rationalisation in the face of rising wage demands.

Emerging market investments have performed extraordinarily well for the Fund and whilst not denouncing their underlying and enduring consumer trends, the valuations are now more reflective and anticipatory of ongoing success.

Accordingly, our focus is currently directed towards the ability of companies that we know well, mostly in the developed markets, to achieve their plans with a degree of self sufficiency and from valuations much lower than those on offer in the emerging markets.

It will remain a challenge both for investors and company management teams, to wrestle with the price of growth in emerging markets and to balance that against the disheartening challenges of mature markets. In the near term the Fund remains cautious, weighing the balance between optimistically embracing company specific opportunities whilst harbouring worrying concerns that the economic backdrop is fragile and well-able to induce conditions that will assuredly undermine the most creative and certain of ideas.

Platinum International Health Care Fund

Bianca Elzinger Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
North America	39%	50%
Europe	31%	32%
Japan	2%	1%
South America	1%	0%
Cash	27%	17%
Shorts	1%	0%

Source: Platinum

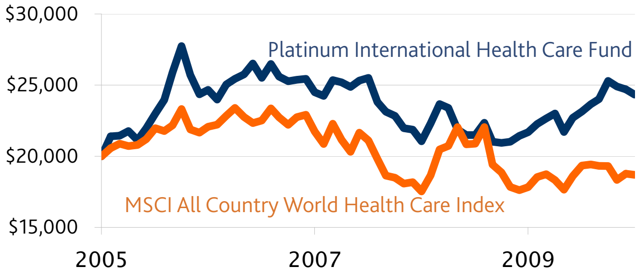
Performance and Changes to the Portfolio

The Platinum International Health Care Fund declined by 3.8% for the quarter, comparable to the MSCI Health Care Index which was down 3.2%. For the year, the Fund rose 12.2% while the Index gained only 4.9%.

Consolidation, reform and pricing pressure dominated health care over the past 12 months. Small biotechs benefited from this trend and were the stand-out performers. Incyte Pharmaceuticals along with Caliper Life Sciences and Swedish biotech Medivir all did well for the year. Each of these companies is getting closer to making money. The Fund will continue to hold 16-20% in these small biotechs. There is an insatiable appetite for these small companies and medtech is now also starting to deploy their cash balances.

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

Investors have finally realised that sales growth coming from continuous price rises is not sustainable. Consequently, there is disregard for the sector by generalists. However, companies are much less concerned; their biggest challenge is to gradually downsize in these mature markets and shift people, along with money, to emerging markets, including Japan. To us, this is nothing new and many of the companies in our portfolio have already reduced their footprint in the developed Western world. In some cases emerging markets now contribute 25% of sales.

We are also looking to raise our exposure to companies in these growing health care markets. South America has caught our attention and this quarter we added a Brazilian diagnostic service provider that has been testing samples for over 80 years.

We also added Swiss pharma company Roche to the portfolio. Roche offers a solid position in cancer therapy, outstanding biologics capabilities and a diagnostic business. Roche has its challenges but we believe in the sustainability of their current portfolio as well as the pipeline.

Commentary

Future growth in health care will come from emerging markets. For now, multinational companies do not get any credit for their activities in these markets. There is hesitation about the level of profitability and until that is crystal clear to investors, they will remain on the side lines.

We disagree with that appraisal and believe the opportunity is simply too great to be missed. No doubt it is an immense task; there are new rules to be learned and new friends to be made. These markets are culturally and structurally diverse. While the urban centres have seen a lot of health care investment, the rural areas are still in their health care infancy. Getting the drug or device to the right place is complex and best accomplished, for now, using local distributors.

The flipside, however, is the rising demand for improved health care services in emerging markets. Private health coverage is steadily increasing which will, over time, result in more people taking advantage of health care services. Stable employment is also something to watch carefully as are government approaches to price controls.

How do we make sense of these markets and how do we gain exposure? Multinationals are the obvious, safer choice, while local companies are the more difficult option, but the more interesting one.

Brazil is a country we find very interesting. It is one of the largest emerging markets with a relatively young population of over 191 million. About 22% of the population have private health care coverage compared to 60% in Mexico, thus there is room for improvement. The diagnostic industry will be one of the beneficiaries, particularly as Brazilians get older and diagnostic usage rises.

Brazil is very brand conscious and that also applies to the diagnostic industry. In contrast to the US, where third parties direct the patient where to get tested, in Brazil it is the patient along with the physician who make health care decisions.

Patients and physicians are all about service, quality and reliability. For that reason the local diagnostic companies are paying close attention to offering outstanding service beyond the testing sample.

The physical (under one roof) and electronic integration of different testing procedures ranging from blood tests to complex imaging procedures is a big focus, particularly at the diagnostic company Fleury. Similarly, ancillary services that increase the comfort/convenience of the patient are a differentiating factor as is 24 hour support for the doctor in making the correct treatment decision. This comprehensive approach to diagnostic is in many ways a step ahead when compared to the US and Europe.

Diagnostic centres are at the heart of the diagnostic industry in Brazil. Each centre harbours a range of technologies and depending on what plan the customer (patient) has selected, ancillary services such as Internet use, free buffet or child care can be accessed. In a way this model is similar to first, business and economy class on a plane. The outcome is the same, it is more about the journey.

Fleury is the second largest diagnostic provider in Brazil mainly focusing on the private sector and on urban areas. The company offers various levels of service and has also invested strongly in information technology. Its patient files are more akin to a scientific report, capturing the patient's history in detail and pulling together all the individual tests to provide a medical solution.

Fleury is also expanding into preventive medicine such as disease management. The key in today's health care world is to keep patients out of hospital and allow them to take more control of their health. It is very interesting to see that a Brazilian diagnostic company is following that exact trend and is taking a very holistic and cross divisional approach to health care.

This Brazilian company is an example of what we are looking for: a company with a solid approach operating in a market that is growing. Fleury is currently valued at 17x earnings (excluding cash it is on 15x earnings) and has a solid cash position for further acquisitions.

The shift in health care from the mature western markets to the emerging markets will continue in years to come. We will continue to find opportunities to exploit that theme.

Platinum International Technology Fund

Alex Barbi Portfolio Manager

Disposition of Assets

REGION	JUN 2010	MAR 2010
Asia	26%	26%
North America	23%	28%
Europe	17%	16%
Japan	7%	12%
Cash	27%	18%
Shorts	2%	3%

Source: Platinum

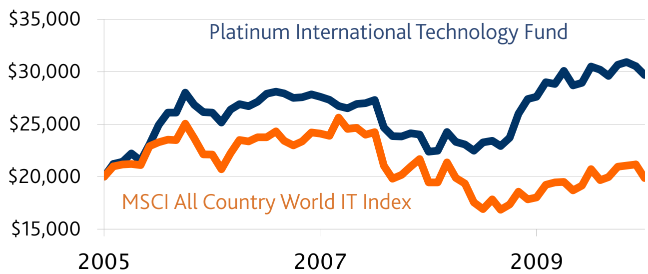
Performance and Changes to the Portfolio

The Fund's value decreased by 3.1% during the quarter, slightly less than the decline of 5.2% for the MSCI Information Technology (A$) Index for the same period. Over twelve months the Fund has recorded a positive 7.5%, while the MSCI Information Technology (A$) Index was up by 10.3% and the Nasdaq, measured in Australian dollars, by 10.7%. Since its inception in the year 2000, just over ten years ago, the Platinum International Technology Fund has compounded at 8.4% pa, while the MSCI Information Technology Index (A$) has recorded a net contraction of 11.2% pa compounded.

During the quarter the Fund has suffered as a result of large capitalisation holdings' underperformance. The Fund's large cap technology stocks such as Canon, Microsoft, Cisco, Corning and Amdocs have declined between 10% and 24% despite reasonably attractive valuations and good earnings perspectives. This has worked against our recent strategy to increase our investment in these names. The de-rating suggests that, either the market as an anticipatory mechanism is already discounting a global economic deceleration (or a "double dip"

Value of $20,000 Invested Over Five Years

30 June 2005 to 30 June 2010



Source: Platinum and MSCI. Refer to Note 2, page 40.

into recession as US commentators call it), or that analysts have been too bullish with their forecast earnings, following the strong recovery from last year's collapse. Most likely both factors are behind the decline.

We have reduced our position in Canon as we believe that a stronger Yen in the short-term will have a negative impact on the export driven Japanese leader. We remain committed to the other names as we believe that all of them are trading at attractive valuations in light of their medium term earning prospects.

In terms of areas of major exposure we have moved the Fund towards a more defensive stance with an increase in the cash position and a reduction in the most cyclical sectors. The Fund has therefore increased its position in telecom operators and media companies (21%) and Internet advertising (5%) which we consider a secular growth story.

On the other end we reduced exposure to more cyclical sectors such as semiconductors and memories (4.7%) where we think that recent strong performance is more difficult to maintain. Software and IT services, more dependent on corporate IT spending, should perform relatively better even in a slowdown and we kept it stable at 10.5%.

With currencies we have realigned our geographic exposures to their natural currency exposures maintaining most of the cash position in Australian dollars. We partly hedged our positions in Euros and in US dollars back into Asian currencies and Swiss francs.

The Fund's largest individual positions are:

Microsoft (the global software leader in PC and servers applications), Cisco Systems (the global leader in data networking and advanced video technologies), Amdocs (market leader in billing software and operating support systems for tier-1 telecom and pay-tv operators), KT Corp (the telephone operator with exclusive distribution rights for the iPhone in Korea), LG Display (the global leader in flat panel displays) and Prysmian (a leading player in the industry of high-technology cables and systems for energy and telecommunications).

At quarter end the Fund was 73% invested with a 2% short index position for a total 71% net exposure.

Commentary and Outlook

During the quarter a few events moved the spotlight firmly back on one of our favourite themes: smartphones and connected devices.

Earlier in April, Apple managed to attract a lot of attention with the launch of the much-hyped iPad, a so-called "tablet" – a portable computing device with a form factor in between a netbook PC and a smartphone, targeting users of media, magazines, movies, music and general web and email access. Later in June, Apple also launched a new version of its successful iPhone which was welcomed by the public and media with similar enthusiasm. Even discounting Apple's hype, the numbers speak for themselves… in the first few days after launch in both cases Apple sold many more devices than analysts initially estimated.

Ironically, just one week before the iPhone 4 launch, Nokia the global mobile phone leader, announced a profit warning sending its shares down to new lows, amid concerns that the Finnish company is increasingly losing ground to new competitors in the most profitable segments of the market.

What is happening really? Why is Nokia, once heralded as the dominant global leader in mobile phones, and still the largest manufacturer by units (39% market share), now valued at US$30 billion, down from US$220 billion a decade ago?

Why is a computer maker, Apple, which until three and a half years ago had never made a phone, now selling 30-40 million smartphones a year, and now the largest technology company on the planet by capitalisation valued at US$228 billion?

Perhaps one variable explains very effectively where the issue is: average selling price. Apple's iPhones are sold to telephone operators at an average wholesale price of US$600 BUT they are heavily subsidised to consumers who end up paying only US$200 for the device when included in monthly subscription plans. Nokia on the contrary is selling its 480-500 million phones a year on average at US$75 each, reflecting its large exposure to low-price entry level models and to countries like China and India where subscribers cannot yet afford more expensive devices.

Put it in another way, Nokia makes US$7.50 of operating profit for every phone they sell while Apple makes $180. In other words while Nokia leverages its size to generate unit volumes, it cannot generate enough value, hence the massive profit and valuation discrepancy.

The change of the mobile phone industry landscape in the last few years could not have been more dramatic. Only as recently as 2006 Nokia, Samsung and Motorola controlled nearly 65% of the industry revenues and nearly 75% of its operating profits.

In 2009 Apple and Research in Motion generated more than half of the industry profits despite achieving only a 17% market share of total sales.

Perhaps Apple's genius in 2007 was to understand from an early start that the mobile phone industry would eventually evolve in the same way the PC industry has: commoditisation and consolidation of hardware suppliers (Dell, HP etc) to the benefit of the Software/Chip platform (the Windows/Intel or Wintel monopoly). To avoid being another me-too competitor, Apple decided to play a highly differentiated strategy by offering a fully integrated high-end product (phone + music player + camera), with innovative functionality (multi-touch screen) and ease of use (fast internet browser) at a premium price (but subsidised by the telecom operators). A year after the launch Apple also offered a library of applications (the "Appstore") developed by third party software programmers which quickly became one of the major drivers of iPhones sales.

After witnessing Apple's success, traditional handset makers like Nokia, Motorola, Samsung, LG and Sony-Ericsson realised that their strategies had to adapt to the new rules of the game. How did they react?

Nokia had correctly identified the challenges ahead and decided to move in the right direction: it adapted Symbian - its operating system - to become a free open source to third party developers, and it also acquired Navteq to integrate navigation maps in its handsets. However, it has found it extremely difficult to rapidly adapt its platforms, organisation and business model (selling low-cost phones to the masses) to the new landscape. Given its scale and geographic footprint Nokia will not disappear but it seems unlikely at this stage that it can recover its original profitability margins unless it quickly improves its Symbian platform.

Apple iPhone

Source: Apple

Samsung Galaxy Phone

Source: Samsung

As for the other handset makers, many have taken up the offer from Google to use its FREE operating system called Android (based on open source Linux) to power their devices.

While Google does not make money directly by giving away its software, it hopes that by creating a large global footprint ultimately it will create an ecosystem of applications similar, if not superior, to the one pioneered by Apple. This will also allow Google to better defend its current dominant market share in Internet search and Internet advertising in light of the rapid adoption of mobile Internet.

The latest results from Motorola and Sony Ericsson suggest that their strategies have proved correct and their newly launched Android-based phones are proving popular, competitive and most important, profitable. The Koreans have also launched several Android based models (ie. Samsung Galaxy and LG Optimus) and it looks increasingly obvious that they will have to rationalise their disparate platforms around one only – most likely the Android.

We performed a quick search on the Internet and we found that over the last 18 months several handsets manufacturers have launched at least 50 Android based models.

Market statistics seem to confirm the trend. According to numbers recently published by independent research house Gartner, global smartphones unit sales during the March 2010 quarter were up 49% year on year, the strongest yoy increase since 2006. While Nokia retains the largest smartphones market share globally at 44%, it is losing nearly 4% points yoy. To the contrary, Apple has increased its share from 10.5% to 15.4% and Android has grown even more dramatically from 1.6% to 9.6% over the same period.

The Fund has direct exposure to this theme through names like Samsung Electronics (handsets) and AAC Acoustic (multimedia components). Cisco is also a major facilitator of wireless broadband with its leading wireless gateway/routers sold to telecom operators.

We also initiated a position in Apple in early April before the iPad launch and started buying Google after the recent correction in its stock price, as valuations became more attractive.

Despite the medium term headwinds caused by a general economic slowdown and the hurdles represented by the deleveraging happening in western economies, we remain optimistic about our holdings. Our efforts remain as usual focused on the selection of individual stocks and our investment strategy is centered around the targeting of themes such as those described above and in our previous reports, which will define the technology landscape over the next few years (ie. mobility, internet video, smartphones, alternative energy technologies etc).

Glossary

Earnings per Share (EPS)
The EPS is used as an indicator of a company's performance. It is calculated by dividing the company's earnings by the number of shares on issue to highlight the profit earned in terms of each share.

Exchange Traded Fund (ETF)
An investment fund that is listed and can be traded on a stock exchange. An ETF can invest in different assets including stocks, bonds, property and physical commodities.

Fiat Currency
A currency issued by a government that is not backed by reserves of physical commodities but has been declared by the government as legal tender. Most national currencies today are fiat currencies, including the US dollar, the Euro and the Australian dollar.

Japanese Government Bond (JGB)
A bond issued to investors by the Japanese Government, denominated in Japanese yen. Currently JGBs offer a relatively low yield of 1.2%.
Bond prices have an inverse relationship to bond yields. This means that falling bond prices denote rising yields and vice versa. If the economic outlook in Japan begins to improve and long-term interest rates rise in Japan, JGB prices will fall. By short selling JGBs, the Platinum Trust Funds are positioned to benefit from an improvement in the Japanese economy.

Long Dated Paper
Debt securities issued with a long-term maturity (eg. 10yr bonds).

Monetary Policy
The process used by a government or central bank to influence the supply, availability and cost of money in an economy. It is often used as a method to control inflation and stabilise currencies.

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

Price to Book Ratio (PB)
The ratio of a company's current share price to its current book value. Book value is the sum of a company's total assets minus its total liabilities and intangible assets. The PB is used as an indicator of the value of a company by comparing its share price to the amount of the company's assets that each share is entitled to.

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

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

African safari

Tired of holidays of cultural pursuit which seem invariably to include close inspection of broken-down real estate and other antiquities? How about enjoying the space, grace and pace of an African safari? My first such experience was over 30 years ago and remarkable, the style of this activity has barely changed. There is now more choice and convenience but there is still special delight in chatting around a campfire with a chilled drink in one's hand either gazing at a brilliant sunset or imbibing a vast galaxy as one prizes the clear, high African sky.

In preparation for this trip to the African savannah, I softened up the girls with pure indulgence at a minute atoll off Zanzibar. Relishing the prospect of viewing this once prosperous spice island of renown, I thought it would provide an interesting start. Now much reduced, it was rather disappointing but the seclusion of the atoll prepared the ladies for the main game.

Imagine a huge flat grassland, interspersed with shady acacia trees, seemingly enclosed on its horizon by a palisade of moving brown-black objects that on close inspection, are simply distant versions of the animals that are all around your solitary land cruiser. There is barely more than a few square meters of open ground between clusters of lowing quadrupeds. We have intercepted the great migration of wildebeest on their round trip covering some 800 kilometres as they move with the rains and the greening of the pastures on the Serengeti. It is a unique sight simply because of the scale of the herd, perhaps over two million wildebeest and say, 600,000 zebra moving north in this birthing season on the grasslands. In a period of some four weeks, the mothers will drop perhaps 450,000 calves. This obviously brings predators - so to improve the odds of survival, wildebeest calves are able to walk within five minutes of being born and are able to keep up with the thundering herd within 10 minutes of birth. There is no mammal like it - arriving fully formed and programmed

at a weight of just over 10 kilograms. We witnessed this astounding transformation from helpless infant to an obedient shadow all in a matter of minutes. Sadly we also saw problems with births and those which were destined to be another's meal. (We were told of an instance of a threatened mother having started birthing with the calf's forefeet protruding and yet she covered as much as 20 kilometres before she was able to settle down and complete the task!)

One is constantly reminded of this cycle of life and adaptability: the enchanting chestnut-bellied sand grouse that brings home water trapped in its breast feathers to feed its young; the steen buck, which drinks no water and controls moisture loss in the heat of the day by allowing its body temperature to rise by as much as 4°C; the fact that acacia trees don't bother to grow thorns to protect their leaves above the reach of the giraffe, and so the marvels of evolution are repeatedly revealed.

This great preserved wilderness should probably give thanks to the tsetse fly and even the rinderpest pandemic that spread across Africa in the early 1900s. Colonists were discouraged by these two killers of livestock and there was a period of great loss of wildlife, indigenous cattle and the Maasai during the first half of the 20th century. Fortunately, these diseases were brought under control by the late 1950s by which time the plains had been set aside and protected as animal sanctuaries. Co-existing with the Maasai, who kill game only to protect their livestock, the wildebeest population recovered from an estimated 100,000 in the 1950s to between 1.3 million to 2.4 million now.

As the sun rises to its zenith, the herds of zebra that accompany the wildebeest on their migration take to the shade of the spreading acacias trees. Forming clusters, they have a delightful habit of standing head to tail in pairs, swishing their tails to keep away flies. Flies are abundant companions to the migration and for all the efforts of the industrious dung beetle, who incessantly collect fresh droppings that they roll into almost perfect balls and then bury, there is evidently still plenty left for the common fly.

The marsh lions are out in the open, feigning disinterest as they eye the passing trade. Lions are bad news because they draw the paparazzi with their 600mm lenses. It was not long before there was a motley crowd of land cruisers and land rovers fighting for the front row. The day before they had been in hot pursuit of a lean looking cheetah that had separated from its brother. Unlike the larger cats, the cheetah is relatively slight but extremely fast (up to 110 kph for as much as a kilometre we were told) so it tends to need the support of family members to take down a grown wildebeest or zebra.

This lad was not very determined with his hunting and kept looking about in that majestic way, giving out a periodic meow that one would associate with a domestic tomcat rather than a proud prince of the wild. This episode of trucks following predators sat unevenly with our party as one questioned the degree to which we, as voyeurs, were interrupting the natural flow and prolonging his hunger. It also raised the issue of loyalties for although we wanted tomcat fed, it would not be without cost. Two days later we found ourselves siding with a courageous mother Thomson's gazelle as it tried to chase down a jackal that was hurtling away with its baby calf grimly clenched between its jaws.

As we drove east over this grass plain, as flat as a provincial airstrip, we came across the stragglers of the great migration. Little Thomson's gazelles dotted the horizon interspersed with eland and ostriches. The buck were curious as we drove slowly through the herd but upon seeing the truck's inhabitants some dashed away, tails wagging furiously while others sauntered off. There were animals in every direction, some lying, others cavorting but only the wildebeest with idle tails. Baby gazelles rejoicing in their newly-found agility would prance with long high leaps, darting hither and thither they scattered, tails now bobbing, the window-wiper motion reserved for more sedate activities. We soon come across a landed squadron of vultures greedily attacking a carcass with a sole crane standing stiffly by, aloof and dignified. At the approach of a grumpy-looking hyena they scatter but not far, keeping their positions to resume their feed once he moves off. This was soon and they dove back in with gusto, revealing commendable rucking skills.

One generally does two excursions each day starting at sun-up and then in the later afternoon. Apart from the game there are masses of birds, insects and fascinating flora. In the open savannah there is nowhere to hide and one soon learns that no creature is exempt from the depredations of others and that speed, strength and guile are all important.

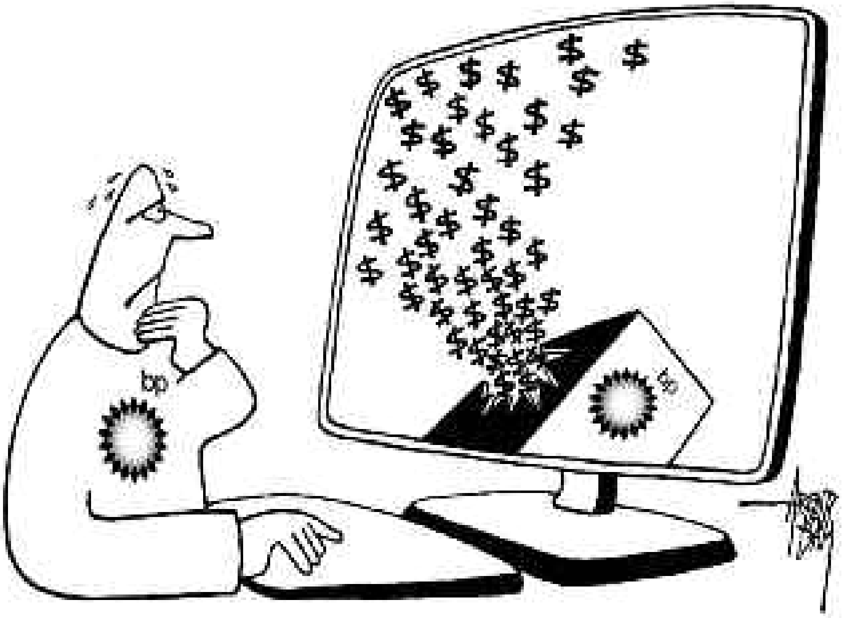
On the way to the Ngorongoro conservation area we visited Olduvai gorge where the Lecky's developed their understanding of the early evolution of man. The erosion of the upper five layers of sedimentary deposits at the nearby

Laetoli region revealed perfectly preserved footprints of early man and animals in fused volcanic ash. It is believed that Australopithecus afarensis, is in direct evolutionary line to homo sapiens, who walked fully erect some 3.6 million years ago. (His successors seemed to need another million years of cogitation to discover the benefit of rudimentary chipped stone tools.) On display at the humble museum are very well-preserved skulls, horns and bones of long extinct large animals as well as a time line of the evolution of tools. Work continues on the site to unravel the past.

Visiting Africa on safari is a tantalising adventure for some and an ordeal for others. The African veldt is vast, majestic yet cruel, and perhaps more confronting than broken-down real estate. As we moved over these open expanses we kept wondering for how long it could remain in its primal form. Seeing it now will ensure that you see it relatively untainted.

Kerr Neilson

March 2010



BP stock loses value every day...

"Long term I like energy and transportation stocks.
Short term I like lottery tickets."

"We know stocks will go up but we don't know which ones or when."

"EDDIE, DID YOU GET MY MEMO ON OFFSHORE INVESTMENT OPPORTUNITIES?"

Notes

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

   The inception dates for each Fund are as follows:
   Platinum International Fund: 1 May 1995
   Platinum Unhedged Fund: 31 January 2005
   Platinum Asia Fund: 3 March 2003
   Platinum European Fund: 1 July 1998
   Platinum Japan Fund: 1 July 1998
   Platinum International Brands Fund: 18 May 2000
   Platinum International Health Care Fund: 10 November 2003
   Platinum International Technology Fund: 18 May 2000

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in the relevant Fund over five years from 30 June 2005 to 30 June 2010 relative to their Index (in A$) as per below:
   Platinum International Fund - MSCI All Country World Net Index
   Platinum Unhedged Fund - MSCI All Country World Net Index
   Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index
   Platinum European Fund - MSCI All Country Europe Net Index
   Platinum Japan Fund - MSCI Japan Net Index
   Platinum International Brands Fund - MSCI All Country World Net Index
   Platinum International Health Care Fund - MSCI All Country World Health Care Net Index
   Platinum International Technology Fund - MSCI All Country World Information Technology Net Index
   (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

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

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Platinum®
ASSET MANAGEMENT

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

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around $18 billion, with approximately 9% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders.

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

Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

for the price of a local call anywhere in Australia

0800 700 726

New Zealand only

Or visit us at our office

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* Please refer to page 2.

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