The Platinum Trust® Quarterly Report

30 June 2011

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

Platinum International Fund
ARSN 089 528 307

Platinum Unhedged Fund
ARSN 123 939 471

Platinum Asia Fund
ARSN 104 043 110

Platinum European Fund
ARSN 089 528 594

Platinum Japan Fund
ARSN 089 528 825

Platinum International Brands Fund
ARSN 092 429 813

Platinum International Health Care Fund
ARSN 107 023 530

Platinum International Technology Fund
ARSN 092 429 555

Platinum® ASSET MANAGEMENT

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Performance Returns to 30 June 2011

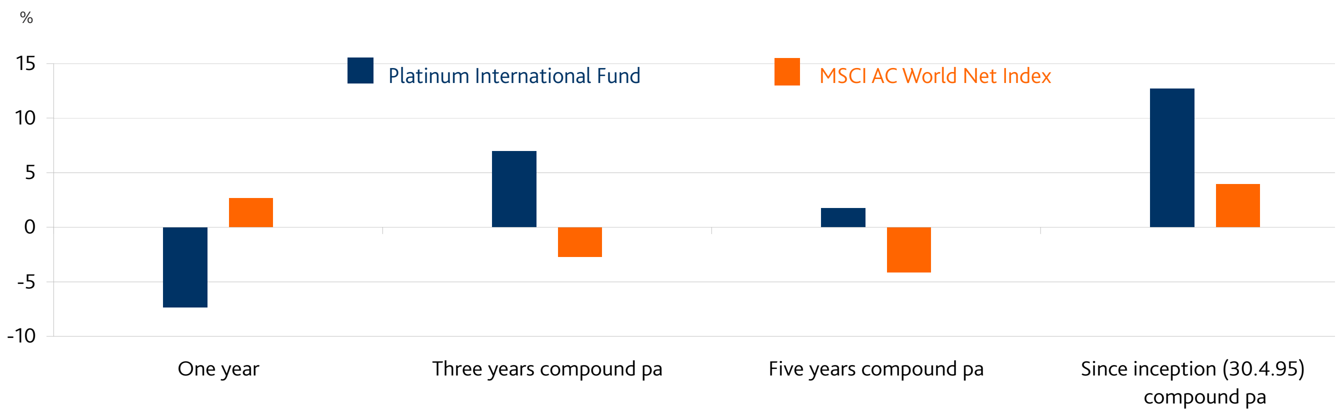
FUND	PORTFOLIO VALUE (POST 30 JUNE DISTRIBUTION)	QUARTER	1 YEAR	2 YEARS *COMPOUND PA*	3 YEARS *COMPOUND PA*	5 YEARS *COMPOUND PA*	SINCE INCEPTION *COMPOUND PA*
International Fund	**$8,657m**	**-3.8%**	**-7.3%**	**1.8%**	**7.0%**	**1.8%**	**12.7%**
MSCI AC* World Net Index		-3.2%	2.7%	4.8%	-2.7%	-4.1%	3.9%
Unhedged Fund	**$167m**	**-4.5%**	**-3.4%**	**8.8%**	**7.6%**	**4.0%**	**9.0%**
MSCI AC World Net Index		-3.2%	2.7%	4.8%	-2.7%	-4.1%	0.2%
Asia Fund	**$3,432m**	**-4.7%**	**-5.6%**	**3.7%**	**5.9%**	**7.1%**	**17.3%**
MSCI AC Asia ex Japan Net Index		-3.4%	-0.8%	7.7%	4.1%	3.6%	10.6%
European Fund	**$162m**	**0.5%**	**14.3%**	**17.6%**	**9.2%**	**3.2%**	**11.4%**
MSCI AC Europe Net Index		-1.4%	7.5%	4.7%	-5.8%	-5.1%	-0.7%
Japan Fund	**$382m**	**-2.8%**	**-5.3%**	**-3.5%**	**6.8%**	**-3.2%**	**12.8%**
MSCI Japan Net Index		-3.2%	-10.8%	-7.3%	-7.8%	-10.5%	-2.1%
International Brands Fund	**$651m**	**4.0%**	**10.7%**	**21.0%**	**17.6%**	**7.2%**	**13.3%**
MSCI AC World Net Index		-3.2%	2.7%	4.8%	-2.7%	-4.1%	-3.3%
International Health Care Fund	**$22m**	**5.5%**	**12.8%**	**12.5%**	**9.2%**	**2.2%**	**3.5%**
MSCI AC World Health Care Net Index		4.2%	0.8%	2.8%	2.4%	-3.1%	0.9%
International Technology Fund	**$39m**	**-4.5%**	**-4.6%**	**1.3%**	**8.2%**	**1.6%**	**7.1%**
MSCI AC World IT Net Index		-5.1%	-2.5%	3.7%	-0.1%	-2.6%	-10.5%

* Morgan Stanley Capital International All Country

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

Platinum International Fund Versus MSCI AC World Net Index

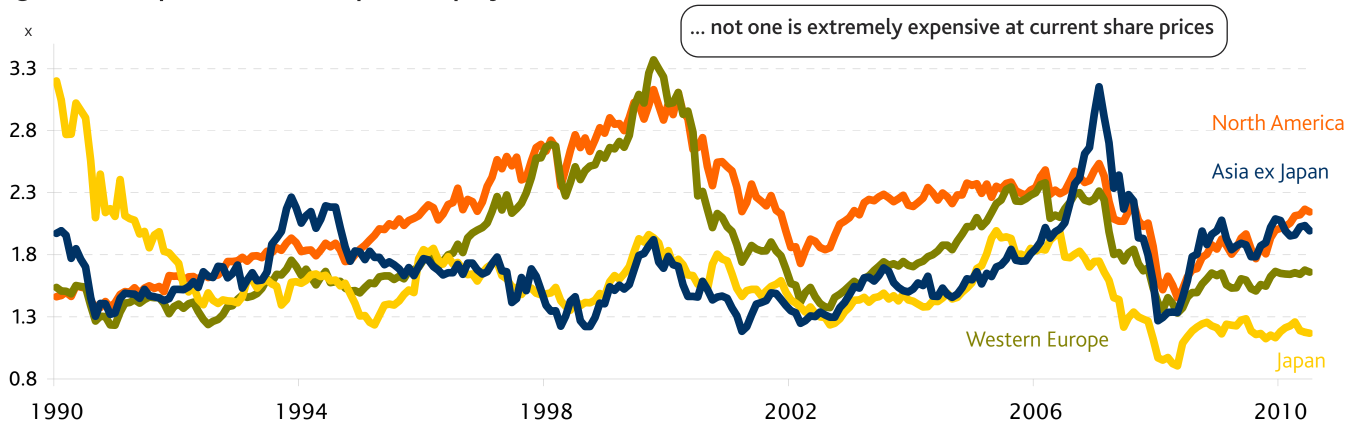
To 30 June 2011



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

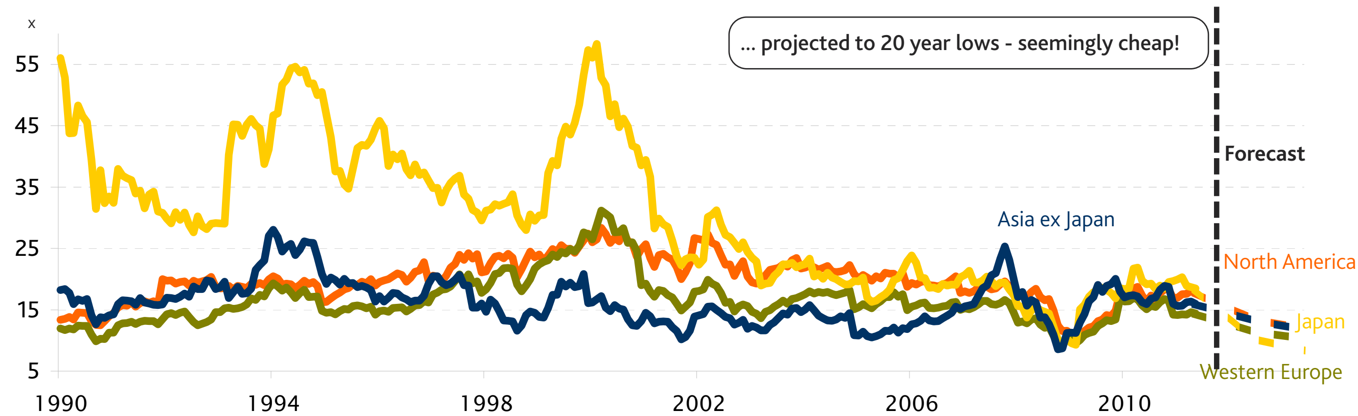
Market Panorama

Regional Enterprise Value to Capital Employed



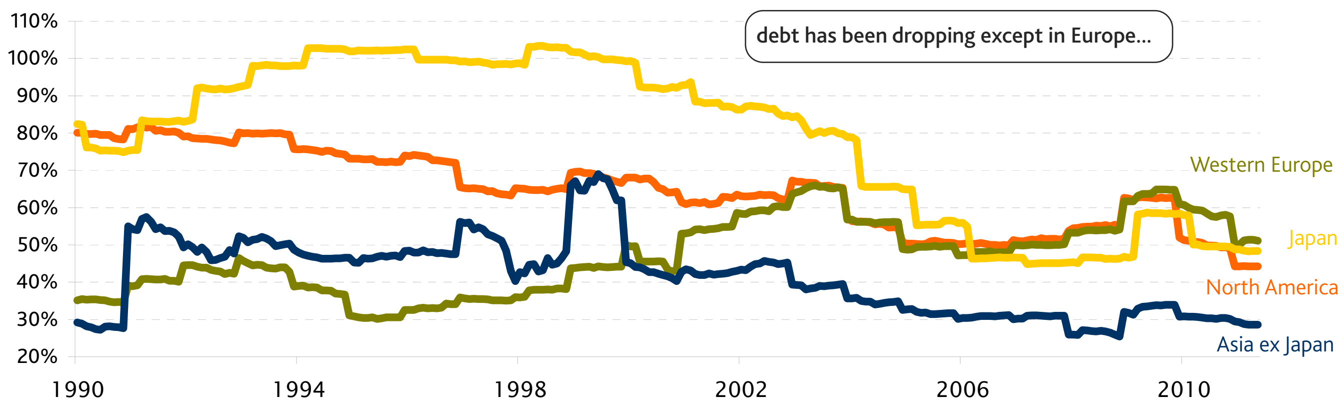
Source: Factset, Platinum

Regional Price to Earnings



Source: Factset, Platinum

Regional Net Debt to Equity



Source: Factset, Platinum

Platinum International Fund

Kerr Neilson Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
North America	28%	25%
Europe	27%	27%
Japan	18%	18%
Asia and Other	17%	19%
Australia	1%	1%
Cash	9%	10%
Shorts	18%	13%

Source: Platinum

MSCI World Index Sector Performance (AUD)

SECTOR	QUARTER	6 MTHS	1 YEAR
Energy	-9%	3%	13%
Materials	-5%	-3%	11%
Consumer Discretionary	2%	3%	10%
Industrials	-4%	1%	7%
Telecommunications	-2%	2%	3%
Healthcare	4%	8%	1%
Consumer Staples	3%	3%	1%
Financials	-6%	-3%	-5%
Information Technology	-5%	-4%	-2%
Utilities	-2%	-1%	-8%

Source: MSCI

Performance

From the beginning of the calendar year, there was a marked shift in sentiment away from early cycle recovery stocks towards later cycle plays, in addition to a generally more cautious tone which benefitted defensives.

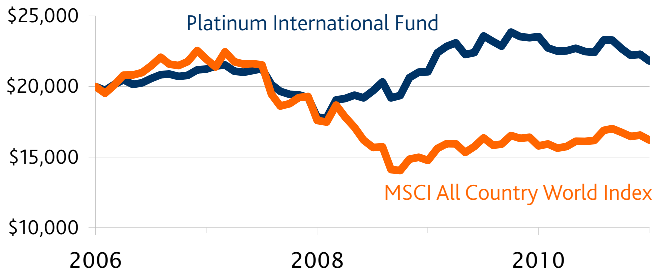
The surprise for some was the continuing weakness in the emerging markets where their underlying economies continued to perform strongly yet their stock markets rose reluctantly in local currencies by single digits or low teens. (A reminder of the market's discounting mechanism at work). By contrast, the developed markets rose strongly and in terms of their domestic currencies, rising by around a fifth.

This diverse pattern was mainly due to the emerging markets hitting the speed-bumps of growth and the rise of inflation, particularly in food prices. There has been a tendency for their Central Banks to tighten credit and to allow an ever so small appreciation of their currencies.

From what we can see, the only function achieved by QE2 was to frighten investors into riskier assets and to scare foreigners from holding US$. Where countries tightly manage their currencies, such as the Chinese Renminbi, they have no choice but to hold US$ in their reserves; should they try to dispose of

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

MSCI World Index Regional Performance (AUD & LOCAL)

REGION	AUD 6 MTHS	AUD 1 YEAR	LOCAL 6 MTHS	LOCAL 1 YEAR
Germany	9%	15%	6%	23%
Korea	4%	13%	2%	25%
France	11%	12%	7%	20%
Australia	-1%	11%	-1%	11%
United Kingdom	1%	6%	3%	25%
US	1%	3%	6%	31%
Developed Markets	1%	3%	3%	22%
Emerging Markets	-3%	1%	-2%	17%
Hong Kong	-6%	-1%	-1%	26%
Japan	-9%	-11%	-5%	3%
China	-3%	-11%	1%	12%
India	-12%	-15%	-9%	4%

Source: MSCI

them this would unbalance the basket of currencies against which they peg themselves! As we have noted so often, this is not a sustainable nexus and might be compared to flying a helicopter in a straight jacket. The re-emergence of the fiscal problems of Greece, the budget imbalances in the US and the progressive tightening in emerging markets sapped confidence in the second quarter and led to a small retracement for the last three months.

When we look at our performance over the past year we are disappointed. Due to our concern about the economic outlook, our positioning has been too defensive and in addition, our positions included several poor performing, though cheap, technology stocks. Our high exposure to Japanese companies also took its toll when the East Coast was struck by the disastrous Tsunami in March and caused widespread damage and loss of life. Our short sales have tended to be biased towards stocks that have reached all-time record margins, which we regard as unsustainable, yet analysts continue to expect even greater things. Lastly, by not hedging back into the soaring A$ (up 27%), our limited gains converted to loss.

This unusual convergence of events has resulted in an unusually poor showing by our Fund which is down 7.3% for the year. While we can point to our good historic performance etc, we are nevertheless humbled by this experience and know what is necessary to ensure a positive reversal without over-reacting or being incautious.

The Fund has paid a distribution of 4.16 cents per unit for the year. This distribution consists of a CGT Concession Amount that is non-taxable in the hands of the unit holder.

Currencies

There were few significant changes in our position; some trading among the underlying holdings but no departure from our view about the Asian currencies offering the best longer term value. As we saw briefly during this last quarter, the A$ is regarded as a proxy for principally Asian growth and we have no plans to increase our exposure given our current view.

Shorting

The weakness in some of the cyclical shorts allowed us to retrieve some losses and we switched further into generic positions like the Retail Exchange Traded Fund (ETF) and Russell small capitalisation stock index.

Changes to the Portfolio

We have continued to build our position in **Nexen** and **Deutsche Börse** which we described in detail last quarter. This has been funded by selling down holdings in **International Paper (IP) and Royal Dutch Shell.**

IP has just launched a bid for Temple-Inland, a company engaged in contiguous areas to IP in packaging as well as timber and building products. An interesting acquisition, but they are paying a high price and have not fully resolved the issues with their existing packaging and paper business in our view.

The sale of Shell expresses no disappointment with this fine company but is directed at taking advantage of the markets relative disdain for Nexen. This stock has been falling through the quarter as Somali faces the challenges of a change of government and because of disappointing results with its tar sands extraction rates.

We also sold out of **Lagardere** and **Veolia Environnement** which have limited attraction versus the likes of companies exposed to the longer term capital spending cycle like **Foster Wheeler** and **Jacobs Engineering** (US capital spending is at multi-decade lows!).

One interesting new holding is **Guess?** This company evolved from a denim brand with heavy exposure to the US department store channel, into a near-premium priced, niche, global lifestyle brand which is diversified by product, geography and distribution channel. The brand has successfully held its market niche and derives about 40% of its sales from accessories like watches, handbags and footwear which has reduced its exposure to fashion trends and the more competitive casual apparel market. It is one of very few brands that has successfully made this transition and has been guided there by the entrepreneurial Marciano brothers, Paul (CEO) and Maurice (Chairman) who have been intensely involved with the company since 1981. The Guess? brand now has group sales, including licensees, of over US$5 billion. It is highly profitable and earns around 80% on capital employed.

While the business in the US (50% of sales, 34% of EBIT) will only grow slowly as the core store concept has reached saturation, the brand has long had an international presence and has scope to grow quickly internationally. Historically, international licensees did not take full advantage of the growth opportunities with the result that Guess? is yet to have a meaningful presence in a number of major markets, although brand recognition is strong. Management has been rectifying this since 2005, with the acquisition of licensees in Europe and Asia preceding a rapid store rollout program. Guess? expects to double its European business (37% of sales, 39% of EBIT) over five years; and has high ambitions for Asia (8% of sales, 6% of EBIT) – where the brand has recently reached profitability in China and is expanding quickly outside of its traditional stronghold, South Korea (~50% of Asia sales).

Near-term, the market is concerned about economic and fashion headwinds in the US, a disappointing margin performance in Europe for last quarter and poor financial year first quarter 2012 guidance. Further, market scepticism exists due to the departure in 2010 of a long-serving and well-regarded Chief Operating Officer who was the link to investors (the Marciano brothers keep their distance from analysts). Also, there is a lack of visibility in the international businesses due to the combined reporting of European and Asia results from wholesale operations, company owned stores, and sales to franchisee stores. We believe that current margin pressure is mostly temporary and relates to the timing of store openings and an unanticipated slight shift in fashion trends that will flow through in the near-term as the product mix is adjusted.

The company is simply too cheap on a 13% buyout. Additionally, the specialty apparel retail sector as a whole seems to be out-of-favour based on where stocks are trading versus their history and Guess? currently trades well-below its 2007 peak despite having increased earnings by 56% since then. The immediate catalyst for a re-rating of the share price is for Guess? to achieve its first quarter 2012 EPS guidance of $3.30-$3.50. At the moment, the market doesn't seem to believe it can reach that target, given the poor first quarter guidance. If this is achieved, the share should trade on a PE more befitting a company with its growth outlook, and more in line with peers – 15x first quarter 2013 estimate does not seem a stretch. This would see the stock price at $58 (+50%).

Commentary

It is easy to get tied up in knots by the imponderables that abound in the international economic scene. Rather than starting with the uncertainties, let's look to first principles and examine the opportunities.

The interest of investing in global equities, as opposed to solely investing in one's home market, presumably lies in the expanded opportunity and diversity it brings. One can often gain exposure to businesses that are scarce or absent from your home market and you can choose to run, amplify or avoid currency risk by hedging back into your home currency. Right now, Australian investors seem weary to invest abroad, discouraged by the significant currency impairment inflicted by the 60% appreciation of the A$ in the post-Lehman recovery. Moreover, pre-emptive action by the Reserve Bank in lifting interest rates induces both locals and foreigners to accumulate the A$ because of the attractive return on cash and the seemingly rock solid prospects for our primary exports to the fastest growing region in the world.

Let's, however, suppose that we are guided by history. This points to the long-term return (1900 to 2008) from equities of the order of 6% pa over and above inflation. Interestingly, dividends accounted for the majority of this total return at 4.3% pa. Clearly this was no simple linear compounding but was made up of periodic surges and relatively shorter periods of severe retracements. For perspective, it was a period of huge turmoil with the suspension of the market price-setting mechanism (and not only in the communist countries), two world wars, endless regional wars, the Great Depression (incidentally, a product of severe trade imbalances among the major economies of the day - please refer to the last quarterly report at www.platinum.com.au/images/ptqtr_0311.pdf), regional banking busts, regional currency collapses and more depredations into foreign lands - hardly a span of harmony and tranquillity!

An enthusiastic participant might wish to remind the writer that there were times one should have simply been on the sidelines, and anyway, this time it's different and the world is really in a mess. History probably tells us that it always does feel different at the time, yet human behaviour is remarkably predictable. As for sitting on the sidelines, it should be noted that the major developed market indices are still below their levels of some 11 years ago (in their home currencies). Further, what exactly constitutes a *safe* sideline with murky factors like degradation of the spending power of money, currency parity instability, sovereign debt risk and so on.

Importantly, the number proffered above has a survivor bias and represents a global index of opportunities with no movement between the alternative options, no short selling and clearly no specific stock selection. We at Platinum can hopefully achieve success in some of the choices over time, though not necessarily all of them simultaneously. So moving from the general to the particular, it is not surprising that with the breadth of choices and a systematic process, we can and have, done better than the static model over time.

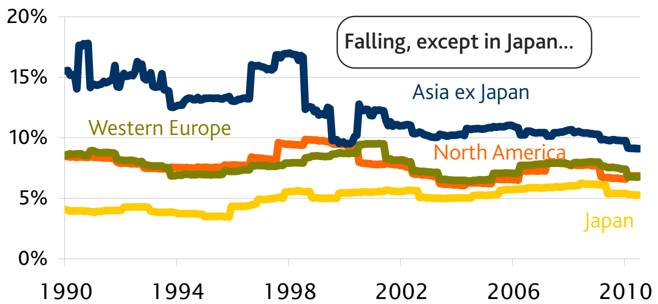
More specifically, our databank that comprises the operating figures of about 15,000 companies globally, shows the composite pattern of ratios such as capital spending to sales, profitability to sales, and profitability to assets over the last 20 years (see two charts below). All these indicators show that businesses are very healthy and that capital spending among the major companies has certainly not been excessive. We would acknowledge, however, that the profitability figures are higher than in the preceding 20 years!

When we then progress to measure the value that the market attaches to these listed companies, they look quite enticing from a 20 year historic perspective even though we suspect there will be more pressure on corporate profitability than is currently factored in to analysts' forecasts. Please refer to the three graphs on page 3.

This, however, just sets the backdrop because as stock selectors we burrow down further to the industry and then to the individual company. <u>Here we find the true building blocks of our portfolio.</u>

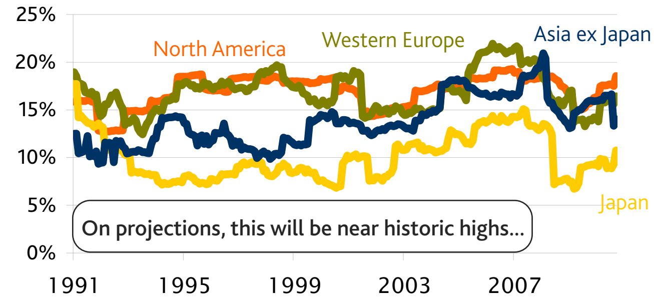
For all the turmoil, one must surely believe there are **technical innovations** that will allow specific industries to grow or to reflect pricing power caused by "shortages". The **Internet** is spawning a host of new opportunities and simultaneously causing the demise of the traditional services they depose. We have exposure to aspects of the plumbing of the Internet, its devices and services. Names like Sina, Shanda and CyberAgent are growing strongly as social networks and Samsung Electronics, Shin-Etsu Chemical and Marvell play important roles in the devices that interface with the consumer. Even the former champions of IT, seemingly now deposed and slow growing, namely Microsoft, Cisco and Yahoo, have interest for us because of their cash generative capacity. By way of explanation, the cash and cash flow coming out of Microsoft's current business could return our investment in seven years.

Capital Spending to Sales



Source: Factset

Operating Return on Capital Employed



Source: Factset

We have interesting companies that will benefit from **enhanced fuel efficiency or electric drives** for automobiles such as Denso, Sumitomo Electric and Infineon. The **drug industry** continues to innovate and several of our positions are past the hump with regard to patent expiry and while developed market conditions will reflect fiscal austerity, the scope of their market has expanded enormously as industrialisation has surged elsewhere. This has also opened up **huge new pools of consumers** and enhanced the growth prospects of **aspirational brands** such as Gucci (PPR), Guess?, BMW and others.

Even in boring, **traditional industries**, the relative change in the prices of inputs has altered the competitive dynamic and gives rise to opportunities in pulp and paper. Our research shows that **financials** are now two standard deviations below their traditional valuations. This is barely a surprise given the distortions and over-valuation that characterised the period but among them are relatively innocent by-standers like Allianz Insurance and Deutsche Börse, as well as cleansed survivors of the banking crises in Asia of 1998 like Bangkok Bank. To be complete, we also own a despised survivor of the US sub-prime mess, Bank of America. This is presently selling for less than tangible assets, having just settled US$8.5 billion with their largest group of claimants regarding its involvement with dubious loans during the housing boom and it is being priced as though it is permanently impaired.

Let's now turn back to the economic concerns. The solutions being administered in virtually every theatre seem incoherent - as we have highlighted in earlier writing. **Markets are dealing with the consequent uncertainties by reducing the rating/valuation of equities** and meting out especial punishment for those companies with disappointing results or those assessed as having weak prospects.

The balance of probabilities leads us to believe that **slower growth is inevitable for most developed economies** as they battle with fiscal responsibility. By contrast, the **emerging markets face the challenge of accelerating inflation which is being addressed via monetary policy** (higher short-term cost of money).

We have reservations about Chinese growth prospects that were aired in the last quarterly report and the consequential slowing in the rest of Asia.

For now, the Greek problem has been deferred but it remains to be seen whether they stick to the timetable for the €50 billion asset sell-off. We should expect this problem to resurface at some stage and it may coincide with other uncertainties such as government workers in other European countries demanding the maintenance of their living standards etc.

In the US, there is the impending war of wills regarding the debt ceiling with the need to address taxation levels and/or spending levels. To outsiders, it appears like a dangerous game of calling each other's bluff.

For all these problems, we know, however, that governments are dependent on individual companies to provide employment and to create new jobs. Also that globalisation, which is epitomised by capital, technical and managerial mobility, forces governments to tread wearily in their taxation and regulation of enterprise. We can cite several instances of regulatory retreat in recent months. Job growth is likely to be an intractable problem for the politician. Despite high unemployment, the problem in many western countries lies in the distribution of skills; at the high and low end there are generally too few applicants and it is in the middle ranks where the mismatch is most evident. With all the media bluster, this places huge pressure on the political process.

Conclusion

Deferment and inconsistent policies shroud the economic vista. Risk assets reflect this with seemingly cautious trend valuations even as companies have reduced their level of capital expenditure and balance sheet indebtedness. Certainly this does not preclude them from being derated further given the prevailing uncertainty. This high level appraisal does not, however, solve the problem facing the individual or pooled investor. Consider the problem facing, for example, a sovereign wealth fund (in some cases the product of the imbalances we refer to so often), there is only so much they may want in sovereign bonds, cash or property. Over time, equities have given the most interesting returns. At the same time, many corporations have not completed their global ambitions or are simply sitting on too much cash which is likely to lead to a significant step-up in mergers and acquisitions. While the convolutions of the day tempt one to play every market move, the past teaches us to seek out the exceptions and play a long-term game.

Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
North America	33%	31%
Japan	26%	28%
Asia and Other	21%	18%
Europe	13%	14%
Cash	7%	9%

Source: Platinum

Portfolio Position

Changes in the quarterly portfolio composition:

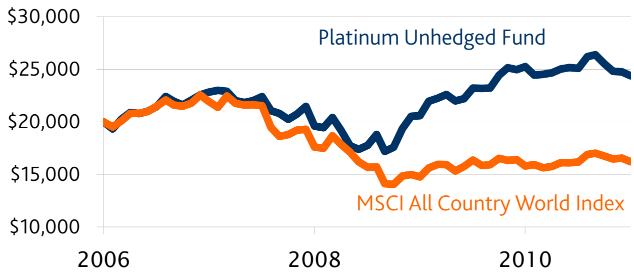
Sector Breakdown

SECTOR	JUN 2011	MAR 2011
Emerging Asia Consumption	16%	14%
Commodity	14%	15%
Japanese Domestic	12%	11%
Technology	12%	10%
Consumer Cyclical	10%	13%
Healthcare	10%	9%
Gold	8%	9%
Capital Equipment	5%	3%
Mobile Data	5%	5%
Other	1%	2%
Gross Long	93%	91%

Source: Platinum

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

Performance and Changes to the Portfolio

Over the last 12 months the Fund fell 3.4% underperforming the MSCI All Country World Index (A$) benchmark by just over 6% and over the past quarter, the Fund fell 4.5%, underperforming the benchmark by 1.3%. It is worth reminding investors that the Fund mandate precludes any hedging back into the "mighty" A$ which rose by 27% for the year (second to only the Swiss Franc out of the 43 currencies that we track). Clearly, this is not an excuse for relative underperformance (the benchmark is also penalised by the strong A$). As we noted in the last quarterly, the Fund has been tracking below market since June last year. Looking back over the longer time period of three years, the Fund is up in absolute terms 24% against an 8% drop in the market.

Attribution wise, for the last 12 months the major disappointments include our Japanese domestic (e.g. Mitsubishi UFJ Financial), technology (e.g. Cisco) and gold stocks (e.g. Barrick Gold). In reviewing each of these, there are elements of the original investment case that has weakened over the time and, in hindsight, we have been slow to react to non-confirmatory information. Specifically with the large-cap gold stocks, free cash flow generation has been woeful as the companies struggle with rising production costs and reserve replacement. In the case of Cisco, what has until recently appeared as a juggernaut from the outside seems far more vulnerable as many of its end markets hit maturity and new competitors muscle in. Finally, in Japan we continued to fight a pro-deflation Central Bank.

On the positive side of the ledger, our winners have tended to be very stock specific rather than one broad thematic.

In contrast with the last quarter, where we bought and sold quite a few new stocks due to Fund inflow and the production of new ideas by the team that necessitated a reordering of our best ideas, the current quarter has witnessed a far lower level of activity. We used the latest round of macro-nerves to add to existing stocks or themes that offered value.

For example, in response to the global sell-off in solar stocks triggered by German and Italian subsidy concerns, we revisited our work to determine whether interesting value was emerging (see over); we performed the same exercise in banks as Greek contagion and US double-dip fears resulted in global valuations dipping to desperate levels; and in Asia, as inflation worries buffeted Chinese and Indian stocks, value once again emerged (we re-entered China Resources Enterprise, the Chinese retail and beer giant, and added Internet portal and Twitter lookalike Sina).

Commentary and Outlook

Examining the winners and losers across a disparate list of sectors and companies, three patterns emerge:

- Merger and acquisition activity remains high as large, well-capitalised, developed world companies with mature home markets look for growth; the acquirers are tending to underperform with the perception (real or otherwise) that these deals incrementally dilute returns and/or indicate weakness.
- Sectors and stocks that are exposed to a high level of policy risk underperform until a somewhat final resolution is put in place. Whilst regulatory risk has always been a part of assessing any investment case, post the global credit crisis, the market's sensitivity to these issues has risen. Whilst globalisation represents a natural limit to regulation (as it facilitates production factor mobility), governments seem more keen to test these limits. Note the poor performance of Chinese, European and Japanese (admittedly somewhat complicated by the earthquake) utilities – all operating in uncertain policy environments either due to issues surrounding their nuclear power assets or, in the case of China, lack of pass-through pricing on coal; and the horrible performance of banks globally as they are increasingly seen, post-credit crisis, as easy targets for penalties for past misdeeds.
- Chinese competition is accelerating across a broad range of industries and is now impacting quite a few large developed world companies in a detrimental manner i.e. Chinese competition is moving aggressively up the technology curve.

To this final point, it is well-understood that China's share of global steel and cement production is very high, however, for the time being, that production is generally consumed internally. Further, most understand that China dominates tertiary or light manufactured exports though China has been slower to penetrate areas that could be described as elaborately transformed goods for export. This is now changing fast. There is an increasingly long list of these industries in which Chinese global production share has grown so fast, so quickly that some seemingly "high-tech" Western and North Asian competitors are now doing it very tough. In that list we would include the following:

- Optical networking industry; Chinese share doubled over three years to 34%.
- Light-emitting diodes (LEDs); based on current equipment orders, depending on one's perspective, impressively or alarmingly in just one year China's global share of wafer starts is likely to increase from 6% to 26%.
- Solar; over three years China's share of poly-silicon production has increased from 4% to 32% and panel production has doubled to 48%.
- Construction machinery; whilst China's share of global manufactured unit volumes has more than doubled from 15% three years ago to 35%, for the moment most is sold locally to support the current construction boom. But to put this in perspective, in lower-end categories such as wheeled loaders, Chinese production in 2010 of 221,000 units (almost all locally consumed) represents roughly 85% of total global wheel loader production. Moreover, it appears the Chinese wheel-loader industry aims to grow capacity to over 460,000 units… exports anyone?

Clearly globalisation has and does allow Western competitors to respond i.e. the subsidiaries of Western companies with manufacturing based in China account for around 40% of Chinese exports. However, it would be erroneous to equate competitive advantage with labour cost arbitrage. The real threat to hi-tech companies everywhere is the speed with which technology transfer (whether it occurs willingly or unwillingly) is occurring and the scale that China's domestic market provides. What is important to note in the examples given above is that the majority of the Chinese production is controlled by Chinese companies as opposed to Western companies investing in China; as such, they are all relatively new entrants to their respective industries.

More specifically, on solar, the recent pace of demand growth has been nothing less than spectacular, up five times since 2007 and +140% in 2010 alone to 18GW; however, in the scheme of global electricity production the solar installed base remains immaterial at less than 1% of total electricity produced. Given the rate at which module costs are falling, that is 60% in three years, markets with a good combination of sun hours, low installation cost and high electricity prices such as Italy, Japan and Mexico, grid parity is now within reach. This all implies that rapid growth should continue. However, on closer inspection, demand growth remains heavily European subsidy dependent and the linking of subsidy levels to capacity growth outcomes means that large end-markets such as Germany and Italy (in aggregate 60% of 2010 demand) are now slowing rapidly.

Whilst an oversimplification, one could describe the build-out of China's solar industry in the following manner:

- Manufacturing manpower and capital provided by China.
- At least initially, buying Western process technology and capital equipment but increasingly being replaced by local suppliers.
- End demand underpinned by European subsidies.

The net result is that Chinese companies are now globally the lowest cost poly-silicon based panel producers. Concerns regarding "quality" continue to be raised, however, the price trade-off seems increasingly attractive. Whilst we wrote recently on Showa Shell's thin film developments, our ongoing work has made us a little more cautious regarding its sustainable competitive advantage and we used the post-earthquake bounce to reduce the size of our position. We invested the proceeds in a solar materials supplier that has managed to retain a 40% global share in a business that would seem to offer higher barriers to entry. The world's two biggest power markets, China and the US, are yet to embrace large-scale subsidy programs – this highly positive wildcard is the key reason we remain interested in the area.

In summary, it is tempting to suggest that the current wave of Chinese hi-tech new entrants is just a repeat of what many Japanese, followed by Korean and Taiwanese companies, have done over the last 40 or so years of North Asian mercantilism. The key difference is the speed and scale of what is now happening; this represents a highly disruptive trend that we'll continue to seek to profit from.

Platinum Asia Fund

Andrew Clifford Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
China (Listed PRC)	7%	7%
China (Listed Ex PRC)	16%	18%
Hong Kong	1%	3%
Taiwan	7%	7%
Greater China total	**31%**	**35%**
Korea	19%	19%
Thailand	11%	12%
India	9%	10%
Malaysia	5%	5%
Singapore	5%	5%
Philippines	4%	3%
Indonesia	2%	3%
Vietnam	1%	1%
US/Canada	1%	1%
Cash	12%	6%
Shorts	12%	13%

Source: Platinum

Performance

Performance (compound pa, to 30 June 2011)

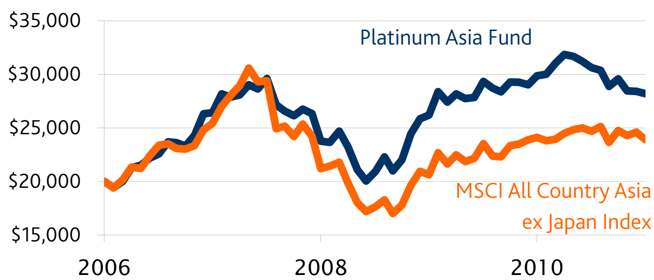
	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	-5%	-6%	6%	7%	17%
MSCI AC Asia ex Jp Index	-3%	-1%	4%	4%	11%

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

Optimism that China's inflationary pressures were receding, which sent markets on a strong run at the end of March, faded over the course of the quarter with Chinese related stock markets falling considerably during the period. The Hong Kong H share index fell 4.8% and the Shanghai A share market fell 5.6%. Also struggling with inflation and ongoing monetary tightening by the Reserve Bank of India, Indian stocks retreated 3.2%. Other regional markets typically fared better registering smaller declines, or in the case of Indonesia and the Philippines, gains of over 5%. These other markets have typically seen much greater strength in their exchange rates during the recovery from the global financial crisis and as such the inflationary issues are not as significant in these economies as they are for China and India. The continued appreciation of the A$ reduced returns to Australian investors by 2% in the last quarter and by 19% in the last 12 months.

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

The Fund continued to lag the performance of the index in the current quarter despite its conservative positioning with a net invested position over the period that has ranged from 81% at the start of the quarter to 76% at the end. The relative underperformance can primarily be attributed to the Fund's exposure to the weaker performing markets of China and India. In addition, the Fund has had minimal exposure to the A$ and thus returns have been reduced by the significant appreciation of our currency. However, the value we see in the Fund's underperforming investments gives us confidence that in time, returns will improve. In the short-term, as we outline in our commentary below, the environment remains difficult and the ride is unlikely to be smooth.

Changes to the Portfolio

The major change to the portfolio has been to increase cash holdings in the Fund from 6% to 12%. This has been achieved through the trimming of positions in some of the better performing holdings such as Jardine Matheson (regional conglomerate), Sina (Chinese Internet portal) and Chunghwa Telecom (Taiwan), as well as long-held holding Henderson Land (Hong Kong/China property) which has failed to meet expectations. While short positions have been maintained in aggregate, specific stock shorts have been introduced across a range of industries that we see as vulnerable to setbacks in growth prospects for China and the rest of the world.

Commentary

The People's Bank of China have continued to tighten monetary policy through the quarter via the mechanism of increasing the banking system's reserve requirement. Increasing the amount of funds that the banks are required to leave fallow in the hands of the Central Bank restricts bank's ability to increase lending and indeed bank credit growth has slowed dramatically in recent months. However, the rising use of off-balance sheet mechanisms in the Chinese financial system (if you like the Chinese version of securitisation) has meant that total lending in the system has slowed only a little.

Nevertheless there are a number of indicators that suggest money is relatively tight. Perhaps the most obvious of these are inter-bank interest rates, which are set by market forces, and have been on the rise and are now at levels reached during the last tightening cycle. Anecdotal evidence from companies suggests that loans have become much harder to access and that debtors have become slower to pay. Demand deposits in the banking system used to fund day-to-day operations of businesses have stopped growing. Recently, there have been a growing number of frauds revealed amongst listed Chinese entities. In a fast growing economy such as China this is hardly a surprise, but it is often the case that frauds are revealed when money starts to become scarce. (As an aside, a number of these frauds have occurred amongst US NASDAQ listed companies that use a complex mechanism referred to as a "variable interest entity" to achieve listing outside of China).

In developed economies, after a prolonged period of monetary policy tightening, one would expect a slowing of economic growth and it would seem reasonable to expect likewise in China. Indeed, as we have mentioned in the last quarterly report, auto sales had already started to fall, as had sales of new residential properties, and this trend has continued this quarter. Some of our discussions with companies also suggest that even in areas such as infrastructure spending there is a slowdown in some regions occurring. This is not inconsistent with renewed concerns over the ability of local government to service bank loans as land sales, a key revenue source, fall away due to lending restrictions in the property sector.

What is most problematic though, is that in the face of all of this aggressive tightening of policy there appears to be a renewal of the inflationary pressures. While rising food prices are once again a focus, inflation is broader than this with the non-food CPI rising at levels not seen in over a decade. As discussed in our last report, we suspect that inflation is underpinned to an extent by labour shortages. It was interesting to hear from apparel and footwear manufacturers that they were passing on a range of higher costs to export customers resulting in 10%-15% higher prices. For as long as we can remember, China's light manufacturers have found ways to absorb cost increases rather than raise prices. Although the CPI overall remains at a relatively modest level of around 5%-6%, the fact that it is still rising suggests the end of the policy tightening is not around the corner.

Meanwhile, electricity shortages are occurring in a number of provinces well-ahead of the usual peak demand period in summer. The price paid by the grid to power producers has not kept up with increases in the cost of coal and as such some generators are refusing to supply. Though this situation can, and is, being relieved by incremental increases in electricity prices, what has been highlighted is the slowdown in investment in power generation that has occurred as a result of this approach to setting electricity prices. More significant shortages of power appear likely in 2012 and beyond if demand continues to grow at current rates. So a policy aimed at protecting the economy from the rising cost of electricity will result in the economy receiving its marginal kilowatts of power from much higher cost diesel generators and may cause inflation elsewhere through general shortages of production!

There is also evidence that despite the closed nature of China's capital accounts, an increasing flow of funds is passing around these restrictions. In Hong Kong, corporate loan growth has been growing over the last year, after having barely grown over much of the last decade. A not insignificant amount of this growth is attributed to Chinese state owned entities who are then exchanging these funds for Renmimbi and transferring them into China. Although the quantum of loans involved is not that large in the context of China, if there are leaks springing in the capital account, it is likely that this is not the only place funds are being accessed. Given the relatively fixed nature of the exchange rate, this results in the creation of more Renmimbi and adds further to the inflationary pressure in the economy. It is our best guess that the war on inflation in China has someway to run as yet.

China's mercantilist economic model appears to be fast approaching its limitations. While it is tempting to expect that policy makers will be forced to make changes, most notably to a floating exchange rate, the country has typically been heading away from market based outcomes that were the hallmark of its success up until 2008. The power shortages discussed earlier are a typical example of policy maker's direction in recent years to revert to a more command economy approach. Predictions are fraught with danger but it seems that China's growth is likely to disappoint both in the short and medium-term.

Outlook

As we concluded last quarter, we continue to see good value in the shares that the Fund owns. Companies such as China Mobile or Guangzhou Auto are strongly positioned businesses with good profitability and little debt, and over the next five years we would expect them to grow at rates in excess of 10% pa on average. Both these companies trade at less than 10x 2011 earnings. Of course, while our assessment of any particular business may be incorrect, we see such value across much of the portfolio. Over a three to five year period, it is hard to see how these shares will not make us good returns. However, as the last three months have proven, this need not translate into good outcomes in the short-term. Until the inflationary issue has been dealt with in China, it is hard to see Chinese shares (whether listed in China, Hong Kong or elsewhere) performing well.

India continues to fight its own battle against inflation that has seen lending rates rise from a low of 2% to 7% currently. In addition, the corruption scandals that have engulfed the government, while potentially creating a positive long-term outcome for a more transparent government, has created a gridlock in the approval process for a range of industries such as infrastructure and property. The rest of the region has also seen interest rates moving up in response to price pressures but for the moment performance of these stock markets seem to be more closely linked to developments in the economies of their export markets in North America and Europe.

Platinum European Fund

Clay Smolinski Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
Australia	1%	1%
Belgium	3%	3%
Finland	1%	2%
France	17%	22%
Germany	46%	45%
Italy	4%	4%
Netherlands	2%	2%
Spain	1%	0%
Sweden	2%	2%
Switzerland	1%	1%
UK	11%	10%
US	2%	3%
Cash	9%	5%
Shorts	2%	0%

Source: Platinum

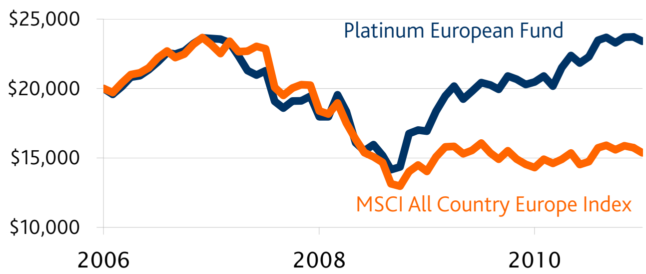
Performance

Markets trended down throughout much of the quarter, the initial slide in response to weaker employment figures out of the US alluding to a fading economic recovery, while the re-emergence of fears over a Greek government debt default kept markets selling off into June. With no signs of its economy slowing, Germany again was the area of relative strength with the DAX Index flat for the quarter, the FTSE (UK) and CAC (France) indices were down -6%, while Europe's periphery were again the target of heavy selling pressure with the Spanish, Italian and Greek markets down -8%, -13% and -20% respectively.

The recent stuttering of commitment to the bailout by both EU members and the Greek government has brought the potential timing of a default back into question and the fears around the unintended (or unknowable) consequences are being expressed in Europe's financials with the major banks (Société Générale -27%, Lloyds Bank -28%, Danske Bank -22%) and insurers (Zurich -20%, Generalli -11%, Munich Re -8%) all falling in unison. Elsewhere, the resource and energy stocks followed the price trend of their underlying commodities (BG Group -17%, Statoil -17%, Xstrata -11%)

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

while profit warnings at Dutch telecoms group KPN and regulatory changes around nuclear power generation prompted a wide sell-off in the European telecommunications and utility sectors (Telecom Italia -18%, KPN -15%, Fortum -16%, RWE -16%). While the declines were fairly broad, there were a few bright sectors with the consumer staples names strong as investors fled to defensives (Danone +15%, Reckitt Benckiser +9%) and the European civil aerospace suppliers rode the wave of positive sentiment after seeing booming orders at the Paris air-show (Safran +13%, EADS +11%).

Measured in A$, the Fund was up 0.5% for the quarter versus -1.4% fall in the MSCI All Country European Index. Over the past six and 12 months, the Fund has returned 5% and 14.3% respectively, outpacing the Index which has returned 4.4% and 7.5% over the same period.

Changes to the Portfolio

We recently returned from Europe where we met roughly 30 companies throughout Germany, France, Spain and the UK. The trip saw us visit the full gamut of players within the equities and derivatives exchange sector (please refer to our March 2011 quarterly report, www.platinum.com.au/images/ptqtr_0311.pdf for more background), alongside a number of companies within the civil aerospace and banking industries.

One new addition to the Fund stemming from our visit was **Lloyds Banking Group**. The company today is the dominant UK retail bank, controlling 30% of the UK banking market - a position it gained through its merger with Halifax-Bank of Scotland (HBOS), where Lloyds stepped into rescue HBOS from being fully nationalised during the global financial crisis. The merger has brought with it many problems; HBOS was one of the most aggressive lenders leading up to the crisis and the subsequent performance of its loan book has been terrible (leading to cumulative write downs of £70 billion to date). Lloyds is still heavily reliant on wholesale funding (loan to deposit ratio of 160%) which will pressure income as it is rebalanced and the company is being forced by the European Commission to sell 600 of its branches to foster another competitor in the UK market.

Looking past these concerns, three years post-the-crisis it must be said that Lloyd's position in the industry has improved tremendously. We are past the bulk of the write-downs in the loan book, our capital base has rebuilt, and with £14 billion of pre-provision profits being earned annually, the company is in a strong position to withstand any further shocks. Lloyds new CEO, Antonio Horta-Osorio hails from the UK operations of Santander, which were built through the acquisitions of Abbey National and Alliance & Leicester, and focused on simple low-cost retail and SME (small and medium enterprises) banking. We think this strategy is the right one for Lloyds and with a combined workforce of 110,000 there is plenty of scope to be surprised by the cost savings going forward. The UK banking sector is certainly not going to be an exciting growth market, but Lloyds given a starting valuation of 6x normalised earnings, 0.7x tangible book and with no direct exposure to peripheral sovereign debt, should prove to be a good investment.

Elsewhere we took a position in travel IT provider **Amadeus** after meeting management in Spain. Amadeus has a stellar history within its industry; founded in 1987 by Lufthansa, Air France and Iberia it has grown from being the smallest air-ticket global distribution system (GDS) to now being the world leader with dominant market share in every country outside of the US. The most interesting part of its business is its Altea software suite which allows airlines to outsource their IT functions around ticketing, inventory control and departure management to Amadeus. The IT complexity driven by airline alliances and the unbundling of airline ticket prices to include ancillary fees (checked bags etc), have stretched the capability of the airlines legacy in-house IT systems and fuelled the impetus to outsource. Spotting this trend early, Amadeus has spent the last 15 years developing their Altea software, slowly building reference customers with British Airways, the first to convert in 1999, and Qantas following suit a few years later. The trickle of customers has now turned into a flood. Amadeus has signed up 110 airlines to implement Altea and the steady migration of customers onto the system over the next couple of years will ensure strong growth going forward.

Continuing on the topic of air travel, the Fund has held a number of investments in the civil aerospace manufacturers over the last couple of years and we met with all the major European suppliers during our trip. The underlying industry trends are good; the engine suppliers are both benefiting from a pick-up in spare parts demand after airlines postponed nonessential maintenance during the crisis and booming new engine orders as air travel in the emerging markets grows. While we cannot fault the long-term story, we get the sense the market is now up to speed on events around these stocks and after such strong outperformance, we exited our holdings in **Safran** and **EADS**. Similarly, after a good run we sold our full position in UK insurer **Prudential** and exited French retailer **Carrefour** after our recent discussions revealed that little progress is being made on the company's operational turnaround.

Commentary

Over a year has passed since Greece first received its €110 billion bailout package. At the time we discussed our concern that many of the debt reduction plans were based on optimistic projections of GDP growth that merely perpetuated a return to past trends, despite the past driver to growth now being gone (debt increases) and also that sooner or later the differences between the strong recovery in the north and the mire in the south would result in tensions around euro zone interest rates. This is no better illustrated by the fact that while the economies of Greece and Ireland continue to deteriorate, Mr Trichet, President of the European Central Bank (ECB), citing growing inflation risks, is signalling a further interest rate hike in July!

The rising political resistance around commitment to the bailout plan on behalf of both the Greeks and the European Union is a signal that we are drawing closer to a decision around a full debt restructuring for Greece, Ireland and Portugal. As the hopes of a sharp economic recovery in Greece and Ireland fade, the plan now is very much geared towards reducing the risk of contagion upon default, by buying more time for the Spanish and Italian governments to bring down their budget deficits, while allowing the European banking sector to recapitalise their balance sheets. The latest proposal for private debt holders to 'voluntarily' roll their Greek debt into either 30 year or five year bonds is another step in this direction – while it does not reduce the debt outstanding or the interest cost, it does ensure the funds from the original €110 billion bailout package will last out to 2013. Even if political stability can be maintained, ultimately the ability to defer a restructuring will be brought unstuck by the clear fact that Greece's economy continues to shrink – and hence over the next year, it is highly likely a formal restructuring plan will be announced for Greece that will also serve as a template for Ireland and Portugal.

The longer term question is post-restructuring whether Greece and company will remain within the euro currency? The benefits of a currency devaluation to act as a shock absorber to rebalance the economy in a crisis is well-documented; post the initial inflation spike that is driven by the devaluation, Mexico (after the 1994 peso crisis) and Thailand (after the 1997 Asian crisis) went on to recover steadily as export competitiveness was restored. Given all of the peripheral nations, private and public debt is denominated in euros; any exit from the currency bloc is massively complicated – as we have seen in the past, countries in this predicament tend to carry on with the peg despite huge economic pain. From the onset of their recession in 1998, Argentina (who was saddled with significant dollar based debt) struggled to maintain its peg to the US$ for three years before finally collapsing in 2001, while the Baltic states (Estonia, Latvia and Lithuania) whom have 60%+ of their debt in euros have so far held their peg to the euro despite a 20% drop in GDP and wages! Given the precedents, certainly in the mid-term, we would expect the periphery to remain in the currency bloc, especially under a situation where a debt restructuring is orchestrated by the ECB.

Outlook

As the events described above play out over the next 12-18 months, it would be foolish not to expect unintended consequences and bouts of volatility in markets. That said, the overall risk to the *companies* in the portfolio must be put in perspective; we hold no direct exposure to Greece, Ireland or Portugal, have few holdings in the financials and the majority of the companies in the portfolio are global, diversified businesses.

Since emerging from the crisis in 2009 there has been an almost constant stream of new macro economic uncertainty to test investors. We have stressed in the past that the best indicator of future returns is not the macro outlook but the pricing of the stocks on offer and whether we are still finding new investment ideas that excite us. Based on this measure, we are confident the holdings in the Fund will earn us good returns over the medium-term.

Platinum Japan Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
Japan	89%	89%
Korea	2%	1%
Cash	9%	10%
Shorts	13%	14%

The Fund also has an 11% short position in Japanese Government Bonds.

Source: Platinum

Portfolio Position

Changes in the quarterly long portfolio composition:

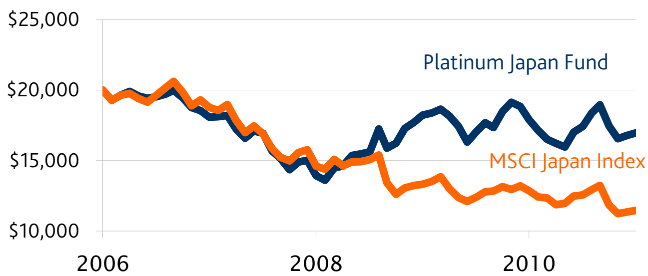
Sector Breakdown

SECTOR	JUN 2011	MAR 2011
DOMESTIC	43%	41%
Retail and Services	14%	12%
Financials	12%	12%
Telco, IT and Internet	10%	10%
Real Estate and Construction	7%	7%
EXPORT	48%	49%
Tech/Capital Equipment	14%	12%
Commodities	13%	14%
Autos and Machinery	13%	13%
Alternative Energy	8%	10%
Gross Long	91%	90%

Source: Platinum

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

Performance

Over the last 12 months the Fund fell 5.3%, outperforming the MSCI Japan Index (A$) benchmark by 5.6% and over the past quarter the Fund fell 2.8%, almost in line with the benchmark. For the quarter, the benchmark fell 3.2% in A$ terms and 2.4% in Yen terms.

After the volatile earthquake-induced March quarter, the Japanese equity market returned to its more usual status of marginal rather than lead player in global equity affairs. The ineffectual nature of Japanese political leadership hasn't changed, though the earthquake and nuclear emergency has heightened the opportunity cost of this directionless system. Against the parlous state of government finances, the earthquake serves to highlight the lack of flexibility Japan faces when dealing with such exogenous events.

Quarterly attribution wise, shorts and currency were roughly neutral and our longs performed just ahead of the market.

Changes to the Portfolio

We made few significant changes to the portfolio during the quarter. Having travelled twice to Asia during the preceding quarter, we focused our energies on deepening our understanding of some of the more prospective opportunities.

Long Positions

Whilst we reweighted some positions based on new information and changes in confidence level, there were no new stocks added to the portfolio, nor were there any complete sales and the gross long position stayed relatively steady at just over 91%.

Short Positions

We used the recent market pull-back to cover some of the more cyclical shorts, a combination of Korean and Japanese steel, ship building and construction equipment companies, aggregating to just over 3% of the Fund. We partially replaced these with shorts that are yet to discount any demand slow-down and are priced for relative perfection; Korean auto makers come to mind. In aggregate, the short position fell slightly, to just under 13%.

Currency

In keeping with our view that the Yen is overvalued, we marginally cut exposure from 37% to 35%; we also cut exposure to the US$ from 27% to 20% in preference for the Korean won and Taiwanese dollar. These currencies have been quite weak relative to the Yen over both the short and long-term and, in the case of Korea, the Central Bank is now raising rates to combat domestic inflation. In the past, both the Won and the Taiwanese dollar have behaved in a somewhat pegged manner against the US$, however, ever so slowly these pegs seem to be breaking as disparate domestic situations call for independent policy settings; we think this trend will accelerate.

Commentary and Outlook

The Tohoku earthquake and subsequent Fukushima nuclear incident has also served to highlight the aging nature of the G7s nuclear fleet, with the bulk of capacity built-out pre-1980. Until the recent unfortunate events, the working assumption has been that due to nuclear generation's greenhouse friendly nature, that this old, second generation capacity (characterised by active cooling systems that failed in the recent Tsunami) would be replaced by far safer, third generation reactors (with passive cooling). However, with the current swing in public opinion globally against nuclear power, but most intensely in Japan and Germany, this replacement cycle has now been thrown into doubt.

This has significant implications for global energy markets, equipment suppliers and currencies. Whilst both Japan and Germany are considering "clean" coal, natural gas and renewable alternatives, one expects that natural gas will be the fuel of choice.

By way of context, globally, if we include transport requirements, gas provides approximately 24% of the world's primary energy demand, that is, we consume around 2.4 billion tonnes pa. 71% of this gas is produced close to where it is consumed; pipe imports account for 21% and seaborne Liquefied Natural Gas (LNG) 8% (or 233 million tonnes with Qatar and Australia the largest producers with capacity of 60 million tonnes and 20 million tonnes respectively).

Prior to the Fukushima nuclear incident, most analysts were forecasting some near-term weakness in the LNG prices as new capacity came on-stream, the US ramped up shale gas production and European power demand remained subdued with Russian and Norwegian supply sufficient. Further, the elephant in the room when it comes to any commodity discussion, China (962GW of electricity generation), has showed very little interest in growing the LNG component i.e. it remains heavily reliant on coal. The view within China is that gas represents a high cost alternative as coal capacity (due to scale of production) can be built at approximately the same capital cost of a modern gas combined cycle plant, but with a fuel cost advantage. Whilst there is currently a lot of commentary regarding Chinese coal and power shortages, it would seem the real issue is that the central government in its so-called fight against inflation won't allow power tariffs to rise to the point where power demand and supply clears. Further, as inflexible coal based generation is used to produce peaking power, thermal capacity utilisation remains a low 60%. This issue is further complicated by China's apparent lack of merit based time-of-day power pricing. By not providing incentives to include a more flexible source of generation for peaking power, the overall utilisation of the coal capacity will remain low – a large opportunity cost. Whilst regulatory change will come slowly, by the end of the decade China will likely ramp-up gas based electricity production and a component of this will be fed by imported LNG.

Fukushima has punctured the LNG markets' complacency. Only 37% of Japan's 48GW nuclear fleet is currently operational, with 30% shut indefinitely due to the quake and 32% due to routine inspection. Further, the nuclear operators are governed by voluntary safety agreements with both local and prefecture level governments that require their approval before a reactor can be restarted. In the current environment, even though local rulings can be overturned by the central government, the routine restart of reactors has become highly politicised.

If we take the extreme scenario of Japan (48GW of nuclear power) and Germany (20GW) replacing this entire capacity with gas, based on the trend output from these reactors (Japan between 260-300TWh pa and Germany 160TWh), this aggregates to incremental gas demand of roughly 80 million tonnes[1]. Even if on the basis of alternative fuel use and energy conservation we halve this number, if Germany and Japan go down the path of no new nuclear plants, their longer-term incremental gas requirements are significant. The size of the global nuclear fleet is 374GW (average age of 26 years, EU accounts for 35% and the US 27%); the implications of the no new nuclear plants trend spreading to other jurisdictions is immense. The question then becomes, where will the gas come from? We suspect that with high conventional gas field decline rates, supply growth will require significant new LNG and unconventional (coal bed methane, shale and tight) gas investment.

In the case of LNG, based on projects nearing completion, Qatar will soon expand capacity to just under 80 million tonnes and Australia to around 56 million tonnes by 2015 (Pluto 1, Gorgon, GLNG T1-2 and QCLNG T1-2). Including the projects that are likely to be approved in 2011 (GLNG T1-2, Pluto T2 and Ichthys), Australia's capacity should accrue to just under 70 million tonnes by 2017. These forecasts build in some contingency for delays triggered by labour and material shortages. Clearly, Australia is embarking on a nationally significant investment cycle. At $90 oil per barrel, 70 million tonnes equals $53 billion in export sales and would propel LNG to rank alongside iron ore and coal in significance.

Whilst we have had long-term exposure to this theme, late last year we took advantage of market concerns regarding near-term LNG prospects to accumulate more exposure at very cheap valuations. Our favoured companies are the EPC (engineering, procurement, construction) firms that will build-out capacity and equipment suppliers (e.g. large capacity compressors and cryogenic pumps required for liquefaction). The Fund now has over 5% direct exposure via stocks such as JGC and Inpex, and another 4% indirect exposure via the trading houses.

[1] It typically takes 0.18 million tonnes of LNG to produce 1TWh of electricity.

In the case of JGC, the company has participated in the design and/or construction of approximately 40% of all existing LNG capacity and is well-positioned to win a decent share of new-builds. LNG capacity growth forecasts, based on projects that should reach FID (Final Investment Decision) by end of 2012, imply 64 million tonnes or $160 billion of work up for grabs. Relative to JGC's current order book of $14 billion this is a sizable opportunity. Further, in the face of stiff competition from Korean contractors, JGC has expanded margins to industry top-quartile levels. Whilst this is a "theme" that Australian investors would be acutely aware of, the valuation of stocks such as JGC at 13x current year earnings implies we are a long way from the excitement levels one would typically associate with a high growth opportunity. Now macro events will clearly play a role in how this investment cycle plays out i.e. a major China slow-down or Western "sovereign" event would defer many FIDs, however, we suspect these episodes should be used to add quality exposure to an enduring trend.

Platinum International Brands Fund

Simon Trevett Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
Europe	34%	35%
Asia and Other	26%	24%
North America	8%	8%
Japan	6%	6%
Latin America	5%	5%
Cash	21%	22%
Shorts	6%	7%

Source: Platinum

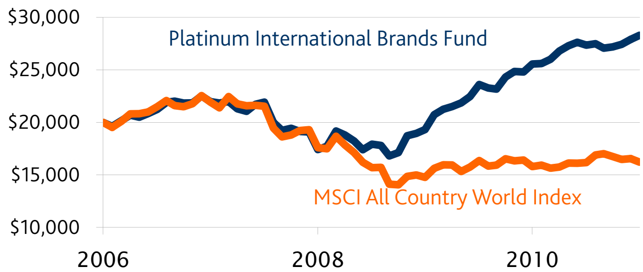
Performance and Changes to the Portfolio

The Brand's Fund achieved a return of 10.7% for the year comparing favourably against the MSCI World Index gain of 2.7%. In the quarter, the Fund produced a return of 4% whereas the MSCI World Index recorded a decline of 3.2%.

Detracting from the Fund's short-term performance has been the relatively high level of cash held by the Fund over the past six months. In hindsight this would have been better deployed in some of the Fund's existing investments. Mulberry has been an outstanding investment for the Fund, however, that should not overshadow the gains made by larger capitalisation stocks such as BMW or Estée Lauder which have appreciated by 75% and 85% respectively over the past year. If there is a pattern to where the returns have been made it can perhaps be expressed as from those businesses that have had the greater exposure to the demand for luxury or premium products from the emerging markets.

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

The three year performance of the Brands Fund at 17.6% compound pa is significantly ahead of the MSCI World Index which declined by 2.7% pa over that period, a relative outperformance of 20% pa.

The Fund has remained cautiously positioned with both short positions and a high cash balance in the belief that there would be some volatility in the markets and some opportunities amidst the nervousness around the macro economic challenges facing the world. The Fund was somewhat too early in this positioning especially in the light of the robust profit reports from companies. Nonetheless the macro economic pressure points and headlines are beginning to take their toll and provide some more interesting buying prospects.

Commentary

The recently released Hong Kong government statistics reveal retail sales have grown 23% in the first five months of this year. Within that, sales of jewellery and watches are up 46%. The Federation of the Swiss Watch Industry corroborate the enthusiasm for watches with the five months sales (in Swiss Francs) to China up 41% and to Hong Kong up 24%. These are astounding numbers considering that they follow on from the strong growth of the previous year. In 2010, Asia accounted for more than half the value for sales of Swiss watches at CHF8.5 billion with growth of 34% and clear evidence that it is the more expensive watches that are in demand.

Similarly, the Cognac Industry is reporting sales to East Asia for the three months to May up 24% and the higher quality Cognac growing 36% year-on-year. Luxury cars such as BMW are also continuing to enjoy robust sales growth with factories reducing the length of the summer production break and negotiating extra shifts. Anecdotes suggest that European consumers have very long waiting times if they order a new BMW X3 and are unlikely to take delivery this year.

In hindsight, it is perhaps not all that surprising that the Fund has had limited opportunity to add to investments. Even the management of these companies have rarely seen such sustained and relentless demand and against the backdrop of widespread negative financial and macro economic headlines. Although the commentary and statistics highlight the extraordinary scale of the Asian markets, the demand for premium products in Germany and the US is also relatively strong and putting further pressure on the factories.

Not all consumer companies are fortunate enough to be so well-positioned. Many have large businesses in difficult Western markets or may have underestimated the potential in the emerging markets. It is likely that we will see an increase in merger and acquisitions as companies address a number of strategic issues. Many Western companies have strong balance sheets, low borrowing costs, high cash generation but offset by low growth domestic businesses and perhaps an historic under-representation in the higher growth markets.

Meanwhile, from the other perspective there are highly successful companies in the emerging markets that are growing strongly, generating significant cash and perhaps lack the brand equity and distribution to be successful in the Western markets.

It is not altogether certain that it is the exclusive domain of the large western branded consumer companies to be the acquirer. Increasingly well-known brands are being bought by Chinese, Indian, or Brazilian companies. Ford sold the Swedish brand Volvo to a Chinese company and Jaguar to the Indian company Tata. Recently Lenovo, a Chinese company that had previously bought the IBM PC business, bought Medion the German electronics and PC maker.

Chinese premier Wen Jiabao began his recent three-day trip to Britain visiting the MG car plant in Longbridge, owned by the Shanghai Automotive Industry Corporation, to celebrate the first new MG produced in Britain in 16 years. That may be a little misleading considering that the majority of the vehicle is manufactured in China and shipped to the UK for assembly. It is nonetheless an interesting pilot scheme in acclimatising western buyers to Chinese made vehicles.

There has been precedent for the seemingly impregnable fortresses of the Western brand companies to be breached by relatively unknown companies. Anheuser Busch, "King of Beers", fell to a hostile takeover from Inbev, which itself was created through a series of mergers that originated in Brazil. The CEO and many of the senior management of what is now one of the largest consumer companies in the world, hail from the Brazilian origins of this company.

Carrefour, one of the world's largest retailers, has recently been in the press with an approach to restructure their Brazilian operations via a merger with a competitor to create a national champion. There are many hurdles to this proceeding, not least of which is that Carrefour's arch competitor in France, Casino, owns a large stake in one of the Brazilian companies. Carrefour has had a difficult period with its own operations in France together with the added complexity of pressures and differences between the management, the board, shareholders, employees and unions.

Perhaps in their enthusiasm to divert attention away from the challenges in the home markets, the willingness of Carrefour to embrace the approach of their Brazilian competitor overlooks the possibility that, like Anheuser Busch, they too may find themselves succumbing to what may today seem unimaginable.

Outlook

The Fund has a number of investments in companies that have desirable brands that may eventually be subject to takeover offers. By no means is that a selection criterion for our initial investments but rather an outcome of having companies that have successfully managed their brands and market positions to the point of being attractive to other industry participants.

Mulberry is likely a good example where a relatively unknown brand at the time of our initial investment, must now be on the radar of the larger luxury goods companies. We have previously written about the Fund's investment in the leading Chinese confectioner Hsu Fu Chi, so it comes as no surprise that they are currently in discussion with Nestlé.

It is likely that we will see more merger or acquisition activity which may serve to remind that despite the adverse headlines across the world, valuations are not unreasonable and there continues to be some quite robust areas of growth. That the source of growth in consumer spend is evidently in the emerging markets is well understood by both corporate management and investors. The Fund is therefore more likely to find value in companies that are being overlooked due to their under representation in the faster growing markets or where they may be viewed as attractive distribution partners in the mature markets.

Platinum International Health Care Fund

Bianca Elzinger Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
North America	42%	43%
Europe	30%	30%
Japan	2%	3%
Asia	2%	1%
South America	1%	1%
Cash	23%	22%
Shorts	2%	2%

Source: Platinum

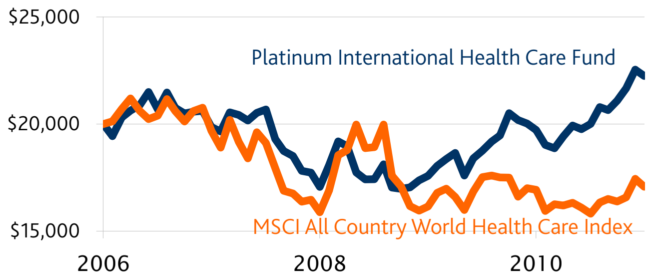
Performance and Changes to the Portfolio

The Platinum International Health Care Fund advanced almost 12.8% for the year while the MSCI Healthcare Index rose 0.8%. For the quarter, the Fund increased by 5.5% while the Index rose 4.2%.

Our biotech holdings (e.g. Ariad, Incyte, Caliper, Infinity, Sartorius) have stepped up to the challenge. Funding worries are now a distant memory as their pipelines have matured rapidly. The troubles of the financial crisis have been an invaluable lesson for these companies as management was forced to make crucial decisions, place projects on hold and focus the company on key assets. Today, each of these companies is in a much stronger position financially and operationally.

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

For a company to endure difficult times and then get back on track, usually results in a valuable learning experience for the company.

French biotech, Ipsen, recently encountered a setback with Roche returning the rights to a new diabetes drug. Ipsen was hoping to receive significant royalties but now has to regroup as future cashflows simply vanished. Ipsen has lots to focus on; the company is profitable with operations in many countries around the world and they receive royalties on Reloxin, the alternative anti-wrinkle injection to Botox. We have added to Ipsen as we believe the new found focus of the company will be successful in the end.

Qiagen has been disappointing. Despite being well-positioned for personalised medicine, stagnant volumes in its Molecular Diagnostic business have been an issue. Patients continue to delay visiting their doctor and consequently pathology test volumes are uninspiring. These are temporary woes. Nevertheless, for Qiagen it is essential to expand its test portfolio and work closely with drug companies to develop companion diagnostics for new drugs.

Drug/diagnostic combinations are advancing. This quarter Roche filed for approval for its melanoma drug vemurafinib together with the BRAF V600 Mutation Test (developed by Roche Diagnostics). The drug targets specifically the mutated form of the BRAF protein. About 50% of melanoma cases exhibit the BRAF mutation and have a high likelihood of responding.

We believe that drug developers will become closely linked to Molecular Diagnostic companies in the future and as such, we will maintain our exposure to companies like Qiagen.

Commentary

Often we get asked how we develop themes and where do we find new investment opportunities in healthcare?

A business development department at a biotech, pharma or device company is a good analogy. At the outset there is a framework or theme that has been developed by engaging different stakeholders such as scientists, clinicians, patients, payors and governments. Once the theme has been set, the search for targets begin. At this stage financial evaluation is irrelevant. Most companies have significant cash that is looking for a new home. Good opportunities are limited and companies are not hesitant to pay a little more; for them the key objective is to find new products that need help getting to their full potential or new infrastructure that needs new products. The help can either be via funding or ultimately taking full control.

Our objective is no different to that of a business development executive and it has happened on several occasions that big pharma, unfortunately beat us to the deal.

Our starting point in many cases is a disease theme, technology or structural change within the industry or it is simply about a specific geography. These broad ideas have been developed through ongoing dialogue with the industry as well as with executives at companies that we visited.

One recurrent theme during our visits has been an interest in branded healthcare products, including over-the-counter (OTC) drugs. These products are particularly in demand in markets such as Eastern Europe, Russia, Asia and South America. In these countries the prescription drug market is less developed as is the health insurance industry. Out of pocket expenses are higher and consumers focus much more on brands and drugs that they can simply purchase themselves.

Omega Pharmaceuticals, based in Belgium, focuses on branded healthcare products. Founded in 1987 by two pharmacists, Omega has grown rapidly into a respectable OTC company (no. 13 in the global OTC market) with good brands sold across Europe. Acquisitions have played a big role in the expansion and increased the complexity of the business causing a number of problems. Omega has a large product portfolio for its size and often struggled to keep an eye on the performance of every region. The sales/marketing strategy has been changed several times, there was a lack of systems to track changes in the day-to-day business and proper internal communication between headquarters and the regional offices has been lacking. Decentralisation is a good thing as the OTC health markets are very regional, however, in Omega's case, it has been a significant limitation.

We revisited the company this quarter and noted changes. It was refreshing to see that the strategy conveyed by management is now much more consistent and easy to comprehend. There is a strong focus on key brands along with a mix of regional brands; as opposed to several years ago when the focus was the many regional brands that will pull the key brands along. There continues to be a lot of work to do at Omega but to us this company fits into our thinking of a good product offering that has not reached its full potential.

Outlook

Who will pay for all the expensive drugs? Around the world drug prices are under scrutiny and media headlines continue to be negative on the industry. However, we prefer to stick to the facts which tell us that real innovation maintains good pricing power. Just recently, three newly approved drugs, one for Multiple Sclerosis and two for the treatment of HCV infection achieved very good pricing (for the MS drug $48,000 a year; HCV drugs command up to $49,000 per treatment course). These drugs add significant benefit to the patient. As such we continue to focus on quality biotechs that invest in research and development rather than take shortcuts.

However, we also believe that generic drugs are important and we also see biosimilars gaining momentum. Both areas are of interest to us and we will continue to find new investment opportunities.

Platinum International Technology Fund

Alex Barbi Portfolio Manager

Disposition of Assets

REGION	JUN 2011	MAR 2011
Asia	30%	28%
North America	20%	23%
Europe	19%	17%
Japan	7%	8%
Cash	24%	24%
Shorts	3%	3%

Source: Platinum

Performance and Changes to the Portfolio

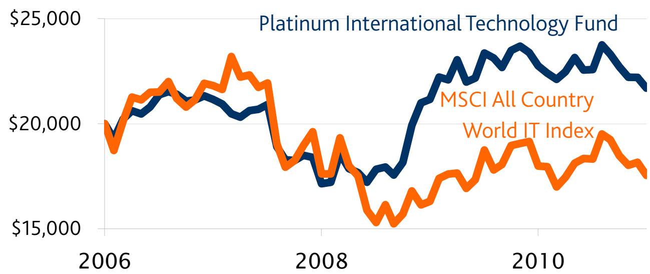
The Fund's value declined by 4.5% during the quarter, slightly less than the decrease of 5.1% for the MSCI Information Technology (A$) Index for the same period. Over 12 months, the Fund has recorded a negative 4.6% while the Index was down 2.5%.

Among the major detractors to performance:

- Germany, Adva Optical Networking (optical and Ethernet telecommunication) -34%;
- Japan, Nintendo (electronic gaming) -33% following a disappointing launch of its new 3DS platform;
- Korea, Melfas (touch screen integrated circuits) -27% in a partial reversal of fortunes compared to the previous quarter; and
- the US, Advance Micro Devices (semiconductors) -21% driven by a slowdown in demand for PCs.

Value of $20,000 Invested Over Five Years

30 June 2006 to 30 June 2011



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

On the positive side of the ledger, we find more defensive telecom and media stocks in:

- China, Changyou.com (on-line gaming) +34%;
- Germany, Freenet (Mobile telephony reseller) +19%;
- Japan, So-net Entertainment (Internet Service Provider) +17%; and
- Taiwan, Chunghwa Telecom (Integrated Telecom operator) +8% and FarEastone (Mobile Telecom operator) +5%.

During the quarter, our short positions on selected stocks, the semi-conductor sector and Taiwan indices have marginally added to performance.

Major changes in the portfolio:

In the Asian telecom sector, we introduced two telecom holdings in the Philippines: Philippine Long Distance Telephone Company (PLDT) and Globe Telecom. Why the Philippines? While the country has had a long history of fiscal indiscipline, things have changed remarkably since Gloria Arroyo came to power a decade ago. Since 2003, the fiscal deficit as a percentage of GDP has been below the level of real GDP growth for every year with the only exception in 2009 during the global financial crisis. The government is targeting a reduction of deficit to 2% of GDP by 2013 from the current 3.7% and it should be achievable, considering that GDP is expected to grow by 5% in 2011.

An interesting feature of the Philippines economy is the explosive growth of Business Process Outsourcing (BPO) from virtually zero in 2000 to an estimated $9 billion of revenues in 2010. These services which employ an estimated 600,000 people are now providing revenues equal to 50% of foreign workers remittances and are indicative of a country investing heavily on its telecommunication and services sector.

We decided to invest in the telecom sector after market leader PLDT announced the take-over of n.3 mobile player Digitel. With the consolidation of the wireless market from three players (PLDT with 55% market share, Globe with 35% and Digitel with 10%) to two, the competitive landscape is expected to improve dramatically. Pricing wars experienced so far should gradually abate and a more peaceful environment will be the driver of improved revenue and profitability growth from 2012 onwards. Trading at 11x PE for 2011 with dividend yields in the 8%-10% range (against a 10 year domestic bond yielding 7.5%), we believe they are both attractive investments.

Commentary

The connected TV

More than 15 years after the Internet was introduced to the masses in the mid-90s, all the predictions about viewers gradually shifting from TV viewing to the on-line world have proved wrong. While the masses have adopted the Internet, people keep watching TV… and more than ever!

In the US, at the end of 2010, according to Nielsen surveys, viewing hours per user, per month were 154, up 1% year-on-year and up 8% from the beginning of the decade. The proliferation of channels delivered to the home (in the US they have grown on average from 30 channels in 1990 to currently more than 140) has been the main reason to keep the average viewer glued to the screen.

More recently, the increased availability of high-speed Internet connections through ADSL and fibre optic links has created another category of video content aggregators. First it was **Youtube**; the video portal where individuals could upload home-made videos which is now increasingly becoming a destination for commercial music videos, TV episodes, old TV shows etc, all funded by advertising. Then **Netflix**, originally a provider of flat-rate DVD-by-mail service, launched on-demand Internet streaming video services available on a per month subscription basis (starting from $8 per month). It has currently more than 23 million subscribers and it is now a force that incumbent pay-TV operators (cable and satellite) have to start paying more attention to. Similarly, **Hulu** (a company owned by Newscorp, Disney and NBC Universal), has launched a so-called Over-The-Top (OTT) subscription service offering ad-supported on-demand-streaming video of TV shows, movies, webisodes (an episode initially aired on the Internet as opposed to pay or free-to-air TV) and other new media, trailers, clips, and behind-the-scenes footage from NBC, Fox, ABC etc. Then Walmart launched **Vudu** of which **Amazon** has a similar service, and **Apple** has offered movies to buy/rent through iTunes and it should soon launch a new streaming service as part of its new iCloud initiative. More will be announced for sure.

To put this phenomenon in perspective, one key statistical data is worth mentioning: Netflix alone now makes up a quarter of all total Internet traffic in North America!

Source: www.samsung.com

The success of these services is facilitated by their availability across multiple devices. Provided you have a fast and robust broadband connection, you can stream Netflix movies to your PC, to a game console (Xbox, Nintendo or Wii), to a Blu-ray Disc player or to a set-top box. More importantly, the constant progresses in miniaturisation and in speed and memory capacity from the semi-conductor industry, has allowed consumer electronics giants like Samsung, Sony and LG to deliver a new generation of web-connected TVs (TVs are in fact becoming more and more sophisticated and a quick look at their back panels reveals that of a PC-like architecture – Ethernet cards, USB ports, wireless ports etc).

We have always believed that "ease of use" is one of the key, if not the most important, driver for new technologies adoption (think the iPhone with its intuitive user interface). The availability of "plug-and-play" Internet connected TVs is definitely one step forward in the direction of allowing TV viewers to experience the long awaited benefits of media/Internet convergence.

The new Samsung "Smart TV" series, for example, illustrates the extent of the potential changes in viewers' habits and the threats/opportunities the entire media industry will have to deal with, if this phenomenon takes off.

The Samsung TV presents the user with a so-called "Smart-hub" on its screen (see picture) which provides TV-optimised content that can be customised, similarly to what you can do on a modern smart phone. It provides you with a wide selection of applications (200 "apps" expected by year end) available from an App store. The viewer can choose from a wide selection of categories such as Videos On Demand (including services like Netflix, Hulu etc), Games, Sports, Information, Lifestyle and obviously direct access to the Internet through a browser and to the various apps you are already familiar with through your PC or smart phone (Facebook, Google, Maps, Mail etc). You can see how suddenly our couch potato may have some incentives to sit on the couch for a few extra hours! You may find appealing to share your viewing experiences with friends and family through blogging and chatting services like Facebook, Twitter and Google Talk, all while watching live TV!

As we said earlier, ease-of use will be critical. At the moment the screens on these Smart TVs appear a bit too cluttered and confusing to the non-tech savvy and some of the keyboards required to interact are too complicated. But the industry is moving in the right direction as witnessed by the rapid adoption of these new TVs: in the US currently 15 million households have already bought one, and 50-60 million are expected to buy one by 2015 (Source: Morgan Stanley -SNL Kagan).

How will this trend change the landscape of the media industry?

The consumer will benefit and have more choice. Viewers will increasingly move to a time shifted pattern relying less on the traditional linear programming of pay-TV and free-to-air broadcasting. This will erode the value of advertising as content owners and aggregators will have to rely more on subscriptions and program syndication fees. TV studios and other creators of truly original content will benefit as they will see the number of distribution platforms multiplying and bidding up the value of the content on offer. Networks of inexpensive programming with high levels of repeats and syndicated third party contents will see the cost of their programming grow due to competition from the new platforms.

Existing distribution platforms (cable and satellite) are likely to see some profitability erosion if value of content goes up and/or many subscribers suddenly decide that paying $77 a month for dozens of premium channels is too much and they would rather spend $8 a month for a “good enough” alternative. That should be particularly appealing at a time of serious economic uncertainty and declining consumer’s purchasing power.

The predictable increase in broadband consumption triggered by this surge of video demand will no doubt create stress on the telecom operators’ networks. Telecom operators and cable companies will be able to get paid for the higher usage of their “pipes” if viewers take up these new services.

Change in viewing patterns will impact on audience measurement, ratings and hence advertising rates. Currently Nielsen does not measure TV viewing outside of its traditional TV measurement system. With the increased adoption of time shifting, there will have to be new ways of measuring viewership.

The Fund has exposure to this theme directly through **Samsung Electronics** (the leader in consumer electronics and a top ten investment position in the Fund), and indirectly through Apple, Adva Optical Networks (Ethernet and optical networks), Brocade (networked storage and Ethernet networking) and various telecom operators in Asia.

Outlook

Global economic growth indicators are sending conflicting signals with the US struggling to create jobs, the European economic zone having to deal with the de-facto bankruptcy of some of its junior members and excessive government’s debt. The major drivers of global growth remain in Germany and most of the emerging markets.

The valuation of technology stocks have, if possible, compressed even further and the market seems to discount extremely bleak scenarios and it is not prepared to pay up for large capitalisation companies showing acceptable growth. On the other end, we continue to see signs of excesses in the Internet/Cloud space where new companies have been floated at sky-high valuations.

On the positive side, the amount of liquidity in the markets and the potential impact of corporate cash being put at work via merger and acquisition activity, buy-backs and increased dividend distributions may trigger some interesting consolidation and offset any lack of news about an exciting economic recovery.

Large capitalisation stocks remain mostly undervalued compared to high growth, small capitalisation stocks and we maintain our positions confident that the market will close the valuation gap.

Glossary

Earnings Before Interest and Tax (EBIT)
An indicator of a company's profitability. It is calculated as revenue minus expenses excluding tax and interest.

Earnings Per Share (EPS)
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.

Japanese Government Bond (JGB)
A bond issued to investors by the Japanese Government, denominated in Japanese yen. Currently JGBs (10 year) offer a yield of 1.2%.
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.

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, Healthcare etc) that are designed to measure equity market performance across different regions and industries.
Platinum does not structure its investment portfolios relative to a benchmark, however, the MSCI indices are used as a reference to determine how each Fund is performing in relation to the total market in which it invests.

Price to Earnings Ratio (PE)
An indicator of the value of a company by comparing its share price to the amount of per-share earnings the company generates.

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

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

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

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

Please utilise the "What's New" page
on our website,
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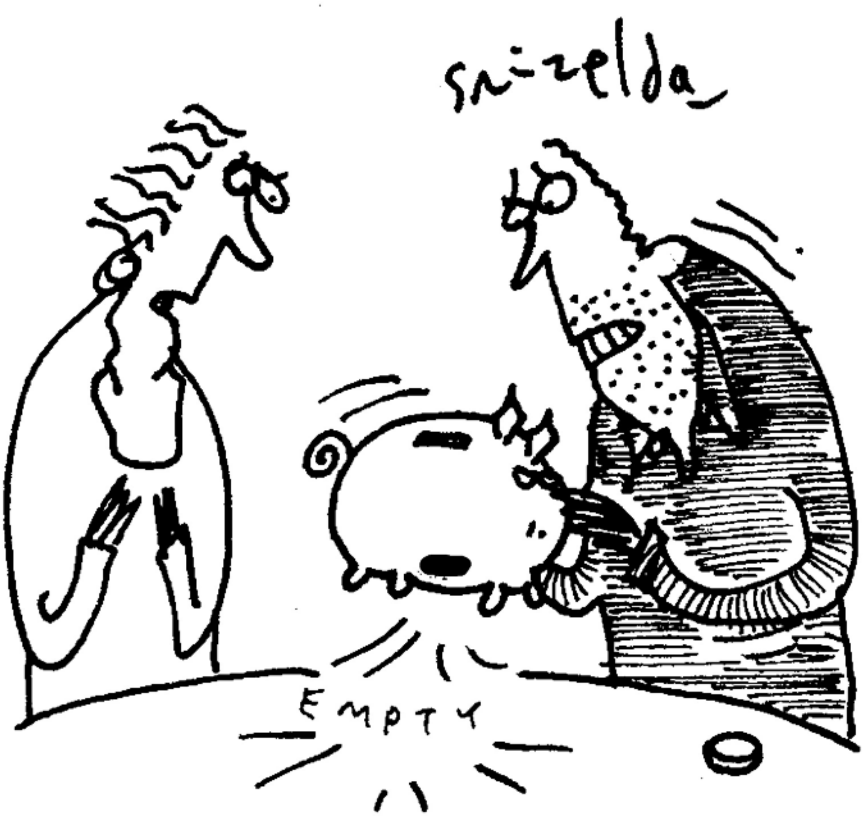
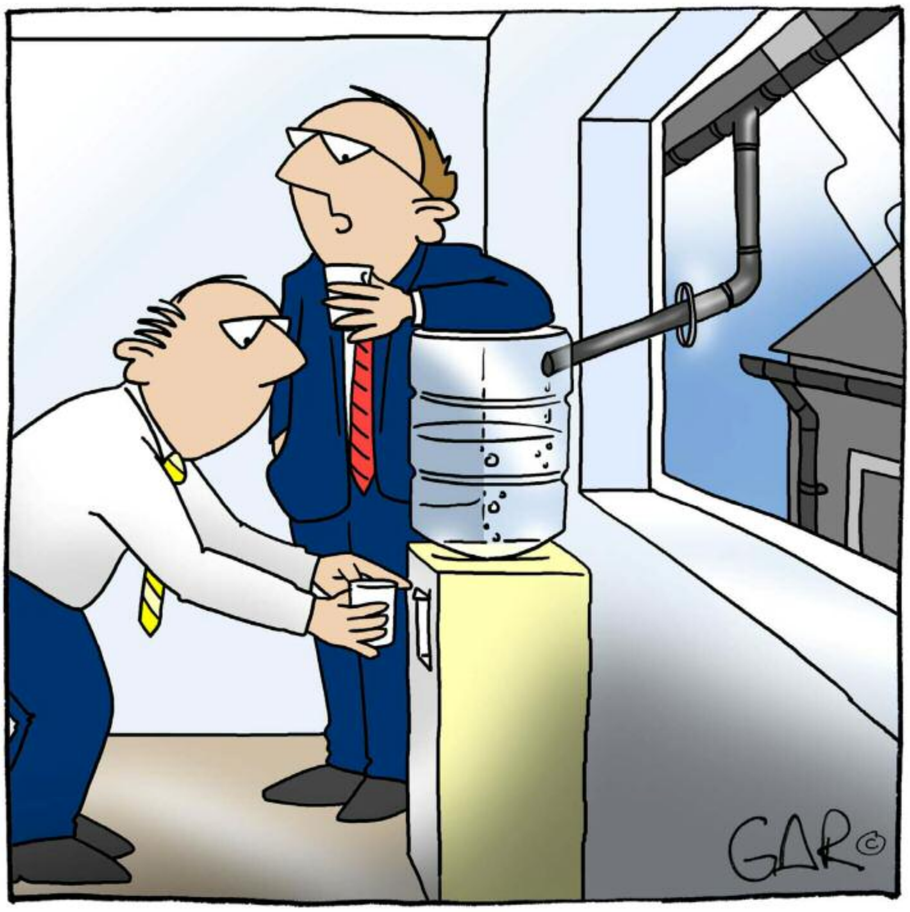
updates and announcements.



"Oh no! The piggy bank's got an investment arm."



"So how are the cut-backs affecting your department?"

Notes

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

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

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in the relevant Fund over five years from 30 June 2006 to 30 June 2011 relative to their Index (in A$) as per below:
   Platinum International Fund - MSCI All Country World Net Index
   Platinum Unhedged Fund - MSCI All Country World Net Index
   Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index
   Platinum European Fund - MSCI All Country Europe Net Index
   Platinum Japan Fund - MSCI Japan Net Index
   Platinum International Brands Fund - MSCI All Country World Net Index
   Platinum International Health Care Fund - MSCI All Country World Health Care Net Index
   Platinum International Technology Fund - MSCI All Country World Information Technology Net Index
   (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

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

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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 13% 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

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