

Platinum International Fund

ARSN 089 528 307

Platinum Unhedged Fund

ARSN 123 939 471

Platinum Asia Fund

ARSN 104 043 110

Platinum European Fund

ARSN 089 528 594

Platinum Japan Fund

ARSN 089 528 825

Platinum International Brands Fund

ARSN 092 429 813

Platinum International Health Care Fund

ARSN 107 023 530

Platinum International Technology Fund

ARSN 092 429 555

The Platinum Trust® Quarterly Report

30 September 2009

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



Platinum®
ASSET MANAGEMENT

CONTENTS

International Fund	page 4
Zimbabwe - where a central bank loses its fulcrum and our assumptions are challenged.	
Unhedged Fund	page 8
Manoeuvring the portfolio while the apparent centre of the universe re-orientes slowly.	
Asia Fund	page 11
China's humming economy and India's inflation issues - what do they mean for equity markets?	
European Fund	page 14
Stock selection: an interesting exercise in debating the specifics and the larger issues.	
Japan Fund	page 20
Political "tolerance" of a strong yen - a significant factor in Japan's disappointing progress.	
International Brands Fund	page 25
Hsu Fu Chi satisfies the taste test for the Brands' portfolio.	
International Health Care Fund	page 28
Keys to geographic expansion - executives, networks, cultural understanding and experience.	
International Technology Fund	page 31
Pragmatic strategies throw focus on smartphone penetration in Korea for SK Telecom.	

Experts ...

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

Do email us at:
commentary@platinum.com.au

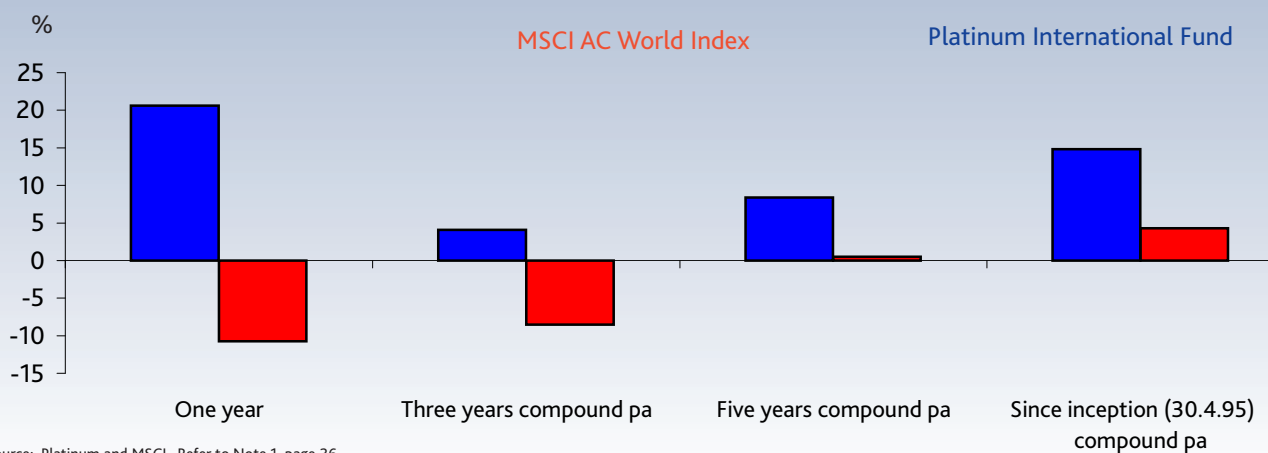
PERFORMANCE RETURNS TO 30 SEPTEMBER 2009

FUND	PORTFOLIO VALUE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	\$8,179m	9.7%	20.6%	4.7%	4.1%	8.4%	14.8%
MSCI AC* WORLD INDEX		8.0%	-10.7%	-14.4%	-8.5%	0.5%	4.3%
UNHEDGED FUND	\$64m	9.8%	17.9%	1.3%	2.7%	-	10.7%
MSCI AC WORLD INDEX		8.0%	-10.7%	-14.4%	-8.5%	-	0.0%
ASIA FUND	\$3,084m	7.5%	21.3%	0.2%	9.8%	19.4%	22.4%
MSCI AC ASIA EX JAPAN INDEX		9.0%	13.3%	-11.8%	1.8%	10.3%	12.5%
EUROPEAN FUND	\$175m	19.2%	9.9%	-5.0%	-1.1%	6.8%	11.8%
MSCI AC EUROPE INDEX		12.8%	-9.7%	-16.4%	-9.0%	2.3%	-0.6%
JAPAN FUND	\$522m	-0.4%	24.1%	2.7%	-3.0%	5.5%	15.6%
MSCI JAPAN INDEX		-2.4%	-11.1%	-14.7%	-13.0%	-1.7%	-1.3%
INTERNATIONAL BRANDS FUND	\$408m	11.4%	14.4%	0.5%	1.3%	11.2%	12.6%
MSCI AC WORLD INDEX		8.0%	-10.7%	-14.4%	-8.5%	0.5%	-4.0%
INTERNATIONAL HEALTH CARE FUND	\$14m	6.1%	-1.7%	-4.4%	-3.3%	1.5%	1.5%
MSCI AC WORLD HEALTH CARE INDEX		2.8%	-11.6%	-7.0%	-7.8%	-0.9%	0.7%
INTERNATIONAL TECHNOLOGY FUND	\$42m	8.9%	29.0%	6.5%	3.8%	7.5%	9.2%
MSCI AC WORLD IT INDEX		8.3%	-1.9%	-10.9%	-6.0%	0.0%	-12.3%

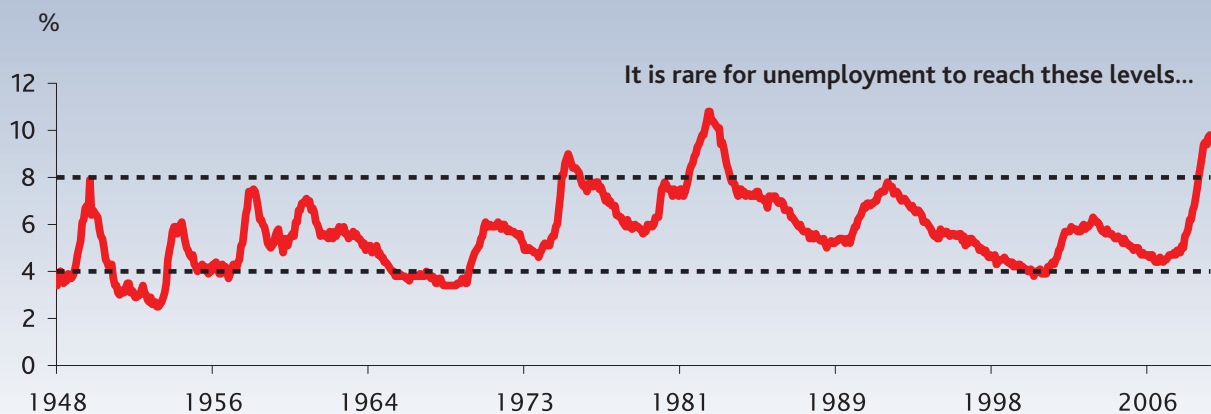
*Morgan Stanley Capital International All Country

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

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 30 SEPTEMBER 2009



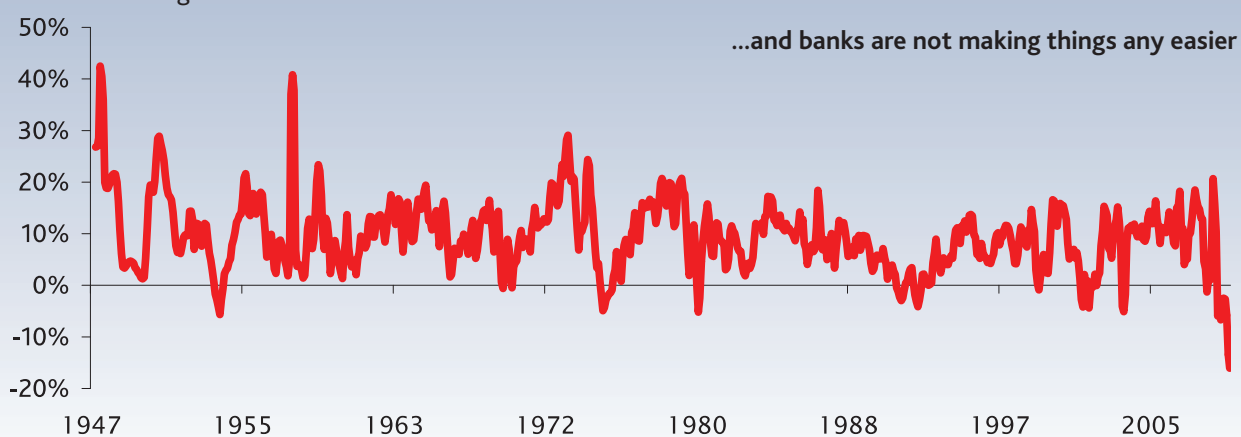
US OFFICIAL UNEMPLOYMENT RATE



Source: US Board of Labor Statistics

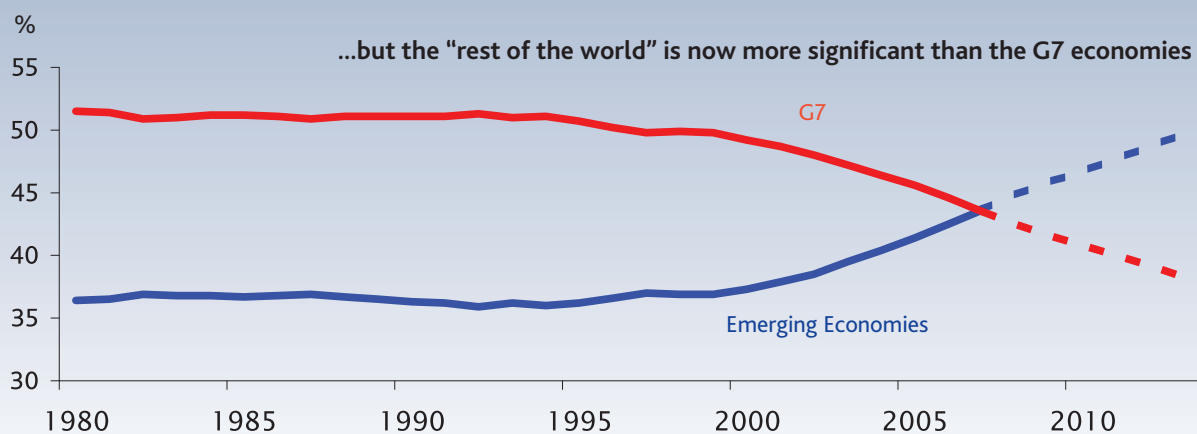
US BANK LENDING EX SECURITIES

3 mth % change annualised



Source: US Federal Reserve

EMERGING ECONOMIES AND G7 SHARE OF TOTAL WORLD GDP



Source: IMF, Macquarie Bank

PLATINUM INTERNATIONAL FUND



Kerr Neilson
Managing Director

PERFORMANCE

The pattern established in the June quarter persisted into the last three months. Investors favoured the riskier companies and sectors demonstrated by interest in lesser quality and generally highly levered companies over those with more predictable earnings and more robust business models. This may be partly explained by the remarkably swift change in sentiment and the surprisingly strong earnings that have been reported post the crises. One imagines that this pattern will change as the recovery flattens out from its very steep initial trajectory, and when greater value is attributed to higher quality and hitherto stodgy plays.

The table below highlights the world index performance by sectors and in our view underlines the vast improvement of investor sentiment. Looking at the Fund's performance, it is the tail of our holdings, which by their nature tend to be smaller companies, that have been the large contributors to our performance. Some of these companies suffered disproportionately in the crisis as their prices were marked down in the chase for liquidity.

The disposition of assets has also played a part, with our high exposure to Asia and in particular, China and Korea, being very profitable. Although our Japanese stocks made a small loss, strong outperformance in North America and Europe more than compensated.

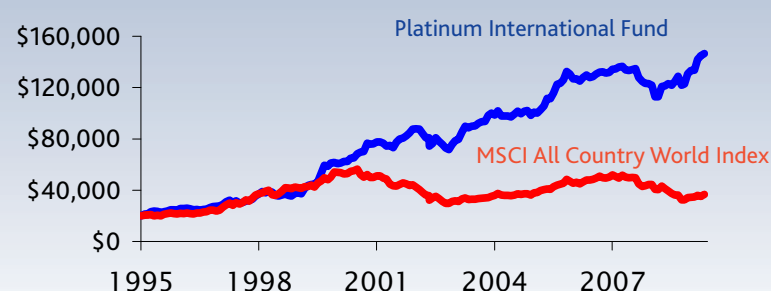
MSCI WORLD INDEX SECTOR PERFORMANCE (A\$)

SECTOR	QUARTER	1 YEAR
FINANCIALS	15%	-17%
MATERIALS	11%	-3%
INDUSTRIALS	10%	-13%
CONSUMER DISCRETIONARY	8%	-7%
INFORMATION TECHNOLOGY	8%	-2%
CONSUMER STAPLES	4%	-10%
TELECOMMUNICATIONS	4%	-7%
ENERGY	3%	-15%
HEALTH CARE	3%	-12%
UTILITIES	2%	-14%

Source: MSCI

VALUE OF \$20,000 INVESTED SINCE INCEPTION

1 MAY 1995 TO 30 SEPTEMBER 2009



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

When disaggregating returns among longs, shorts and currency for the last three months, we find that longs rose by around 15%, but that shorts and the appreciation of the rampant Australian dollar cost the Fund just over 5%. The rise of the A\$ contributed a good two thirds of this negative effect. The net outcome for the quarter was that the Fund rose by 9.7% versus the MSCI World index which rose by 8%. For the last twelve months the outperformance is much more stark with the Fund rising by 20.6% while the MSCI lost 10.7%. We believe that the five and 10 year figures are the most valuable timeframe in which to assess a manager's skill and these are respectively 8.4% and 12.6% compound pa versus the MSCI's return of 0.5% compound pa for the last five years and -1.5% compound pa for the last 10 years.

CURRENCIES

As noted above, the Australian dollar continues to punish our returns. We commented about this last quarter and arguably, have remained too cautious. With the RBA leading the field with a reversal of interest rate policy, it looks as though only a growth scare will dent the A\$. We have, nevertheless, reduced our exposure to the A\$ further and added a position in other currencies which are in a similar position to the A\$, yet with less foreign debt. These are the Norwegian kroner and Indian rupee. Our exposure to the Japanese yen is about half our physical position in Japanese shares as we believe ultimately they will have to address their compromised fiscal status. Regarding the US dollar we are ambivalent in a sea of negative sentiment.

SHORTING

Our positions have changed little over the quarter with the emphasis on highly priced cyclical companies and a small generic short on the S&P 500 index.

CHANGES TO THE PORTFOLIO

A very strong market in smaller companies has been used to further reduce our positions in companies such as Airports of Thailand, Gamuda and effervescent property stocks in Hong Kong like Henderson Land. We have completed our exit from AES, a power producer that we bought into the teeth of the crises when debt and exposure to emerging markets was highly unfashionable.

Setbacks in China allowed us to top-up on China Life and China Resources Enterprises. Reed Elsevier also had a setback when it placed new stock to repay some debt and this gave us an excellent top-up opportunity. Among the other companies in which we have initiated positions are Sotheby (the auction house), Allianz (insurance), Electronic Arts (video game publisher), MGIC (a US mortgage insurer) and Nikon (cameras and IC production equipment).

DISPOSITION OF ASSETS		
REGION	SEP 2009	JUN 2009
EUROPE	26%	22%
NORTH AMERICA	22%	21%
ASIA AND OTHER	20%	20%
JAPAN	18%	17%
CASH	14%	20%
SHORTS	17%	18%
Source: Platinum		

COMMENTARY

We concluded the Platinum International Fund report in our March quarterly with “The nature of the world’s current problem is highly complex and the outcome will depend heavily on how individuals respond to uncertainty. We are clear that there was a great deal of fear factored into prices as we entered March...”. Indeed, this proved prescient and the massive intervention by governments bolstered confidence and led to a freeing up of the credit markets and a significant restocking cycle. Despite long experience, we were surprised at the way, in the absence of strong export markets, China has re-accelerated and this has been to the benefit of Asia through a knock-on effect. The subsequent boost to raw material demand has then rippled through to strong primary production countries ranging from Australia to Africa and South America.

Regarding the second part of the quote, fear has all but evaporated as investor confidence leapt in response to the lifting cloud of uncertainty. We now find many shares and even some country indices trading at levels higher than those that prevailed before the Lehman collapse. This is puzzling given that the G7 nations have incurred vast public mortgages in exchange for private debt obligations and losses. Further, bank balance sheets are now deeply impaired and their willingness to lend is much reduced. In aggregate, the loan to deposit ratio of these banks is about 120%, while the current and potential debt obligations for G7 governments are in excess of 160% of GDP.

The surge in confidence is particularly evident in the forecasts of analysts. Helping this process has been an astoundingly rapid reduction in the operating costs of businesses as management laid-off workers and removed capacity. There is a high correlation between robust earnings forecasts and robust government stimulation!

On the first anniversary of the “GFC”, one was inundated for commentary from the press about the lessons learned. Astonishingly, the enquiries were accompanied by the suggestion that the crisis was a complete surprise and the remedial action indubitably praiseworthy. It is as though there has been a

communal sigh of relief about a near miss and we can now go carefully back to our pursuits. The question of *fiat* money (see the case of Zimbabwe below) has also occupied the media as has the prospects of the world moving off the US dollar standard.

As we have often noted, the English speaking world has been on a debt binge not so different to that of the Japanese in the late 1980s. There are differences, but not so great as to cause one to believe that we can avoid a long work-out. Rather than heeding the endless chatter about the kind of recovery ahead, we suggest there are two indicators that should be watched: employment levels and bank lending (see graphs on page 3).

Zimbabwe – a live model of fiat money in action

On the subject of fiat money, that which derives value from government promulgation, we have just returned from Zimbabwe, the newly crowned heavyweight champion of money creation. Their problems epitomise the issues of economic mismanagement and the subsequent use of the printing presses to cover the fiscal deficit¹. The broad lessons are universal and mimic the experience of Germany in the 1920s² and Argentina in the late 1980s.

In the latter days of currency debasement, governments tend to intervene with price controls to try to offset the exploding supply of money. The populace becomes consumed in trying to arbitrage valuation discrepancies between physical assets, while property and shares are the vehicles of refuge. Capital flight is the purview of the wealthy elite and of industrialists at the cost of their operating plant that becomes rundown or obsolete. As the ever larger bundles of notes are exchanged for ever diminishing purchases, economic activity shrivels and a complete disorientation of value

1 Testament to this lies in the bound bundles of 100 unused Zim \$10 billion notes that one is offered by hopeful street vendors for US\$1-2. Admittedly the Zim \$100 trillion notes are a little more difficult to come by and sell for about US\$1 each!

2 For those eager to study this subject they might seek a copy of “The Economics of Inflation” by Costantino Bresciani-Turroni, first published in English in 1937 by George Allen & Unwin Ltd.

sets in³. Price controls destroy companies' working capital in the face of an inflationary crescendo but even so, in the case of Zimbabwe, one risked incarceration for removing stock from the shelves for fear of being charged with crimes against society⁴.

Trusted foreign currencies gradually took over from the Zimbabwean dollar even though it was unlawful to use anything other than the national currency. This requirement was hardly modelled by the central bank which was acting unlawfully by simply expropriating firms' foreign exchange earnings in its desperation to meet external obligations. The end came when the populace refused to transact in Zimbabwean dollars. By late 2008 the government was forced to acknowledge that the US\$ was the principal means of exchange⁵. It is this tacit dollarisation of the Zimbabwean economy, as well as stiff sanctions against the ruling *Junta*, that has forced the Zanu-PF to the negotiating table.

The economic aftermath is striking; the economy now operates as though it were on a gold standard. Money supply, which comprises bank deposits and currency in circulation; US dollars, Rands, Euros and British pounds, can only grow from trade surpluses, remittances from some three million Zimbabweans abroad, foreign direct investment and foreign aid.

Businesses have lost most of their working capital from the hyper-inflation. Zimbabwean dollar bank deposits have become worthless, which in turn has the peculiar effect of expunging debt from the system but leaves the banks without a lender of last resort⁶, and an unwillingness to participate in an interbank market. Solvency concerns dictate that bank lending is now a

tiny fraction of the estimated US\$700 million of bank deposits. In these circumstances the economy's growth is governed by the growth of its stock of "hard currency". It is for this reason that an impotent President Mugabe so berates the West about sanctions. He simply cannot pay to keep himself in power via the printing press and hence his former impregnable position is now severely compromised. Top officials are earning US\$300 per month and all other civil servants US\$150 pm.

Businesses have been remarkably agile to adjust to the new circumstances but have an enormous backlog of capital expenditure required and very little working capital. This puts them at the mercy of imports, not from wages being too high, at 50c to \$1 per hour, but because of initial scale. Employment growth will be slow and the grounding of the economy to an external peg sets up some interesting dynamics as the power-sharing negotiations proceed.

The Zimbabwean market capitalisation is tiny at about US\$4 billion but it may offer some interesting opportunities. The main purpose of the foregoing description is to alert clients to a world where the central bank loses its fulcrum in an economy and to highlight the assumptions we tend to take for granted! It may also have lessons for an economy that has long depended on its currency being given reserve status!

OUTLOOK

We believe there are sufficient positive drivers to ensure that the world economy continues to expand, led principally by the industrialising nations. Some of the earning forecasts strike us as optimistic, which when combined with modest growth in the industrialised nations, suggests that valuations are no better than fair. Having said that, there appear to be many good high quality companies that are cheap when compared with their historic valuations and against the market as a whole. This is another way of saying average companies seem to be fully valued.

Our research continues to find attractive opportunities which are our best guide as to whether we will make you money in the coming months.

³ During the hyperinflation in Germany in 1922, the market capitalisation of Daimler was the equivalent of the price of 327 of its automobiles; in Buenos Aires, I was told of a banker having the use of a taxi for a full day for the cost of US\$1 and in Zimbabwe, a drug company with 200 employees met its entire salary bill for November 2008 with the payment of the equivalent of US\$1!

⁴ At one stage Delta Zimbabwe calculated that it was required to sell its beer for about a quarter of a cent per bottle.

⁵ Argentina explicitly linked its currency to the US dollar and Germany in 1924 reset its currency against gold.

⁶ Without foreign reserves the Zimbabwe central bank loses its relevance. It cannot lend to the government nor the banks and nor can it set interest rates as these are set by the issuer of its currency, the US Federal Reserve Board.

PLATINUM UNHEDGED FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

PERFORMANCE (compound pa, to 30 September 2009)

	QUARTER	1 YR	3 YRS	SINCE INCEPTION
PLATINUM UNHEDGED FUND	10%	18%	3%	11%
MSCI AC WORLD INDEX	8%	-11%	-9%	0%

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

We have reformatted the opening section to provide investors with a better sense of changes in portfolio composition over the past quarter.

We have used the term “Western Consumer Cyclical” in a very broad sense; it includes technology, internet, transport, financials etc and similarly “Defensive” includes pharmaceutical, telecommunications, etc.

DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
WESTERN CONSUMER CYCLICAL	20%	19%
BRICS CONSUMPTION	19%	24%
DEFENSIVE	13%	7%
COMMODITY/PROCESS	9%	9%
JAPANESE DOMESTIC	9%	11%
CAPITAL EQUIPMENT	7%	6%
GOLD	7%	7%
ALTERNATIVE ENERGY	5%	4%
OTHER	2%	3%
TOTAL LONG	91%	90%

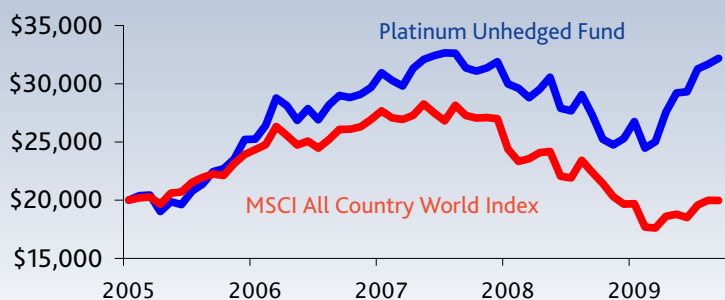
Source: Platinum

DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
ASIA AND OTHER	27%	33%
NORTH AMERICA	24%	21%
JAPAN	22%	23%
EUROPE	16%	12%
AUSTRALIA	2%	1%
CASH	9%	10%

Source: Platinum

VALUE OF \$20,000 INVESTED SINCE INCEPTION 31 JANUARY 2005 TO 30 SEPTEMBER 2009



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

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the last 12 months the Fund rose 17.9%, outperforming the MSCI All Country World Index (A\$) benchmark by 28.6% and over the past quarter the Fund rose 9.8%, outperforming the benchmark by 1.8%.

In the December 2008 quarterly we conveyed how the Fund had been positioned for a strong rebound in the more cyclical parts of the market (eg. technology, commodities, property) versus defensive areas (eg. utilities, telcos and pharma) and that we had concentrated our bets in Asia. This positioning continues to work, although we are starting to unwind some of the more aggressive positions. The major investments/ideas that made money this quarter include:

- Asia ex Japan consumption plays eg. China Resources Enterprises, KB Financial Group.
- Alternative energy plays eg. Veeco Instruments.
- Commodity/Process eg. Canfor Pulp.
- Western Consumer Cyclical eg. Micron.

The major investments/ideas that cost money this quarter were our Japanese holdings (22% of the Fund is invested in Japan). The Japanese stock market underperformed the global market by approximately 10% over the quarter. We remain committed to the large overweight position in Japan as we see significant potential for outperformance from our specific holdings.

We reshuffled our holdings quite aggressively as specific stocks reached price targets much faster than we expected, hence, we sold positions including: Ebay, Yamato Holdings, Sumitomo Real Estate Sales and Gamuda. The stocks added included: Yahoo, Sanofi-Aventis, Allianz, Reed Elsevier and Nikon Corporation. In terms of changes in thematic composition, we reduced our BRIC's (Brazil, Russia, India and China) consumption bet by 5% (largely by selling down Chinese-HK holdings such as Henderson Land) as these stocks approached fair value. Conceptually, we took the view that if the rebound in Asia ex Japan

really was as strong as the stock market was discounting, then there would be greater return from allocating capital towards beaten down Western markets that were yet to participate in the euphoria. Hence, we increased our holdings in Europe and North America by 3.4% and 2.9%, respectively. We rebuilt our position in Western Europe early in the quarter and, hence, captured most of that market's recent outperformance. Some of these funds were re-deployed towards what could be described as more defensive (and extremely cheap) parts of the market such as pharmaceuticals (see the Platinum International Health Care Fund report, page 28) and telecommunications.

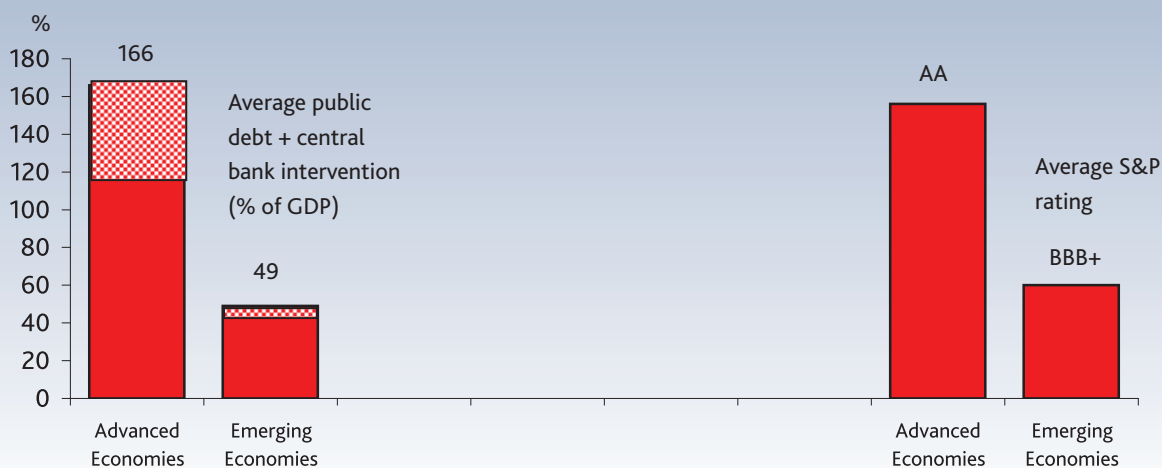
OUTLOOK

The Fund maintains a large bet in developing Asia at the expense of North America. Whilst it's tempting to say that the Asian ex Japan markets have moved too far, looking at valuations and growth rates, many of our holdings remain fundamentally attractive. The weighted average price/book of the Unhedged Fund's Asian ex Japan holdings is now 1.4x which compares to 1.6x for North America and Europe – Japan at 1.2x has become the value market.

Further, the rebalancing of the Western world away from consumption towards saving/investment (and the emerging world towards consumption) will take longer than three stock market quarters. A simple example of how long this process will take can be found in the following chart that displays rating agencies' attitudes towards sovereign debt.

Whilst we have never placed much weight on individual rating agency opinions (even before the AAA collateralised debt obligations (CDOs) debacle), we still find it astounding that nations with surplus savings (most of the "Emerging Economies") are deemed to be higher risk than those actively trying to debase their currencies via quantitative easing (most of the so-called "Advanced Economies"). The apparent centre of the universe will re-orient slowly.

EMPEROR HAS NO CLOTHES - TOTAL ACTUAL AND POTENTIAL DEBT



Source: IMF, Bloomberg, S&P, Nomura Research

The second table provides some tangible examples of how far China (as the largest BRIC's economy) is behind the West in the consumption stakes. The argument that these economies don't hold much sway yet in terms of aggregate world consumption is a little ingenuous. We are using the G7 (commonly used grouping of the seven largest developed economies) for comparison purposes against the E7 (our definition, the seven largest emerging economies: BRIC + Mexico, Indonesia and Turkey).

Using nominal measures of GDP, the G7 accounts for 53% of World GDP and is 3x the size of the E7.

However, on a purchasing power parity basis, the G7 accounts for 42% of World GDP and is only 1.6x the size

of the E7 at 27%. It is worth reminding ourselves of the population aggregates at play here: the E7 accounts for 3.2bn people and is 4.4x the size of the G7. Whilst this type of analysis is simplistic, it is useful for maintaining perspective, especially when the *uber* bears highlight the extreme vulnerability of the global equity markets to the demise of the US consumer – the potential for ongoing rebalancing towards emerging economies as the global growth engine is real. Whilst there are clearly fewer extreme value opportunities left in the market relative to March, the ongoing rapid industrialisation of the emerging world will provide new growth opportunities across global equity markets.

CHINA FAR BEHIND IN THE CONSUMPTION STAKES...

COUNTRY	CURRENT PPP GDP PER CAPITA (\$)	AUTOS PER 100	PER CAPITA SPENDING ON HEALTH (\$)	CREDIT CARD PER PERSON	PER CAPITA TOTAL INSURANCE PREMIUM (\$)
US	45,931	47.80	6,700.00	2.35	4,086
JAPAN	33,710	39.50	2,500.00	1.18	3,319
UK	44,115	37.30	2,800.00	1.10	7,113
HONG KONG	32,000	9.18	1,300.00	1.50	3,373
SINGAPORE	28,313	11.73	1,250.00	1.38	2,776
TAIWAN	30,345	24.10	1,450.00	1.00	2,628
KOREA	21,200	25.40	1,500.00	2.10	2,384
BRAZIL	10,643	3.90	800.00	0.80	202
CHINA	6,000	2.2	120	0.2	70
AVERAGE		24.9	2,288	1.4	3,235
HOW FAR BEHIND IS CHINA?(%)		91	95	87	98

Source: CEIC, Bloomberg, Nomura Research

PLATINUM ASIA FUND



Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 30 September 2009)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	8%	21%	10%	19%	22%
MSCI AC ASIA EX JP INDEX	9%	13%	2%	10%	13%

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

Asian stock markets continued the rally that commenced in March appreciating over 16% during the quarter, though once again the strength of the Australian dollar reduced returns to just over 9% in Australian dollar terms. Most measures of economic activity continued to improve not only across the region but also for major export markets, helping export dependent economies such as Korea (up 20% for the quarter) lead the rally. Perhaps of more interest is the one regional market that performed poorly during the quarter, the Shanghai A share market, which pulled back 8% and almost 20% from the peak reached in early August. While the fact that this market had run harder and earlier than others partly explains the performance, it was also due to concerns that the People's Bank of China would need to tighten monetary policy soon given the runaway credit growth experienced in the first half of the year. It is worth keeping this in mind now that a number of central banks across the region are most likely deliberating on the question of when to tighten their policy stance.

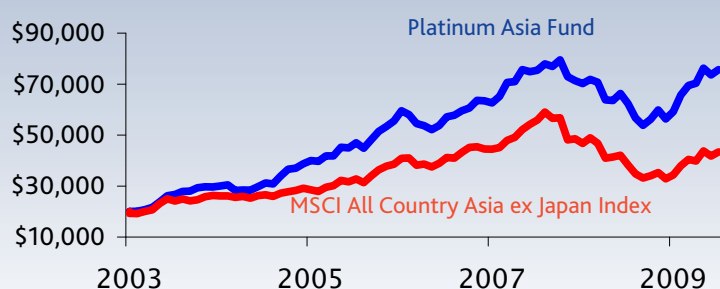
DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
CHINA (LISTED EX PRC)	17%	18%
HONG KONG	8%	9%
CHINA (LISTED PRC)	7%	5%
TAIWAN	7%	8%
GREATER CHINA TOTAL	39%	40%
KOREA	12%	9%
THAILAND	10%	9%
MALAYSIA	7%	7%
SINGAPORE	6%	6%
INDONESIA	4%	5%
INDIA	3%	1%
PHILIPPINES	3%	3%
CASH	16%	20%
SHORTS	0%	0%

Source: Platinum

VALUE OF \$20,000 INVESTED SINCE INCEPTION

3 MARCH 2003 TO 30 SEPTEMBER 2009



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

Among the best contributors to the Fund's performance this quarter was KB Financial Holding (Korean Bank, up 44%) whose most recent results show that fears over bad debts had been overplayed earlier in the year. Airports of Thailand was another strong performer (up 58%) as passenger volumes started to improve. The weaker performers for the Fund were the holdings in China A share companies such as Guangzhou Airport (down 11%), CITIC Securities (down 14%), and Daqin Railway (down 11%) as these stocks retreated along with the broader A share market.

PORTFOLIO CHANGES

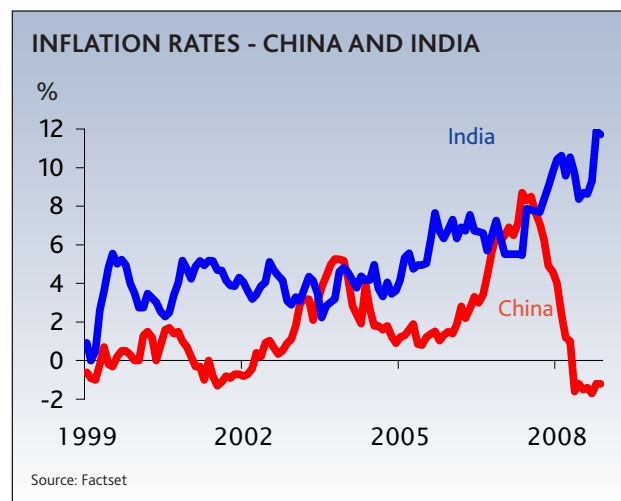
Samsung SDI was a new holding introduced to the portfolio this quarter. The company has successful businesses in mobile phone and laptop computer batteries and a poorly performing business in making plasma screens for TVs. What is of interest to us are two new businesses that we expect to make a significant contribution. The first is OLED (organic light emitting diode) screens which are set to become standard in high end smart phones. The screens have better image quality than current screens, are thinner, and consume less power. The other business is batteries for electric motor vehicles where the company has entered into a joint venture with Bosch (a leader in auto electronics) to develop products for this nascent market.

Bisi International, an Indonesian producer of hybrid seeds (corn and rice) has also been added to the portfolio. Government subsidies have been put in place to encourage greater usage of hybrid seeds (due to their greater yields) and Bisi is well positioned to take advantage of this programme. Three Indian companies have been added to the portfolio, the first new investments in this market for some time. Otherwise the Fund took advantage of lower prices in a number of existing holdings to put additional funds to work. Additional investments were made in companies such as Denway Motors (Chinese auto producer), Korea Investment Holdings (Korean stockbroker and fund manager), and a number of our Chinese A share holdings such as China Life and Daqin Rail.

On the other side of the ledger, stocks that have performed strongly have been sold down, including Astra International (Indonesia, motor vehicles, construction equipment, palm oil), Dongfeng Motor (China, motor vehicles) and Hang Lung Properties (HK and China property investor). The net result of the quarter's activity is that cash holdings have been reduced from 20% to 16%. The Fund's exposure to the Australian Dollar has also been reduced to 13% from 20% at the end of the June quarter.

COMMENTARY

The economic recovery has continued across the region at such a pace that commentators are already debating when central banks will move to increase interest rates and governments cut back on spending. With the exception of India, which continues to have a persistent problem with inflation, consumer price indices show little sign of coming back to life, so the debate seems a little premature. Nevertheless, most economic indicators show a strong recovery in activity with further impetus to come from planned infrastructure spending and potentially some rebound in exports as the inventory rebuild in the developed economies proceeds. Thus it is more a question of "when" rather than "if" for increases in interest rates and a tightening in fiscal policy. Indeed the first moves in this direction have been seen in China where the



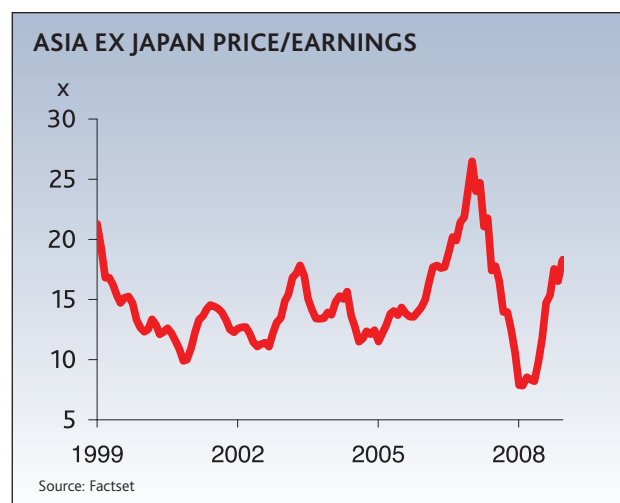
government has been reminding banks to follow guidelines regarding mortgages on investment properties and banks appear to have slowed the frenetic pace of lending seen in the first months of the year.

While such moves to tighten economic policy may give stock markets a reason to pause, as we have seen in the China A share market this quarter, it would seem highly unlikely to us that such actions will have a significant impact on the economic resurgence that is taking place. In China, the investment plans of industry for capacity expansion and the government for infrastructure, along with resurgence in the demand for residential property, would seem likely to provide enough momentum to keep the economy humming along at a decent pace for some time to come.

Undoubtedly some of these investments, particularly in cement (as outlined in our previous quarterly), steel, and aluminium seem destined to leave the country with excess capacity at some point in the future. Ultimately the poor return on capital that will be earned on today's investment and commensurate bad debts for the banking system may weigh down economic growth further down the line. For the moment, however, the most likely outcome appears to be that China will grow strongly and drag the rest of the region along with it.

In India, the poor monsoon season represents a setback for rural incomes and thus will slow economic activity to some extent. The secondary effect of higher inflation through increasing food prices is unhelpful as India already experiences relatively higher levels of inflation. However, in regards to this longer term inflation issue there has been some good news as the recently re-elected Congress party has confirmed its intention to reform the taxation system. Included in the reforms is a proposal to replace state government sales tax with a unified national GST that has the potential to significantly increase the government's revenue base. The importance of this is that the fiscal deficit in India has not historically been fully funded (through the sale of government bonds) and effectively money has been printed to fill the gap, a key underlying cause of India's persistent inflation. A long-term reduction in the level of inflation would have important ramifications for economic growth and perhaps valuations in that country.

So what does all this mean for equity markets? There has already been a substantial rebound from the lows of last October with Asian markets up just over 100% (in local currency terms) and they now sit about one third below the highs reached in late 2007 when the China growth story was at its peak. Valuations appear to be at relatively full levels with Asia ex Japan trading on an historic price earnings ratio of 18 times. While this figure may make markets look a little more expensive than they really are due to the depressed level of current profits, it is nevertheless at the high end of the range (with exception of the last days of the 2007 bull market) achieved over the decade since the end of the Asian crisis.



The implication of this is simply that the easy gains of the last six months are probably near an end. The fact that many recent initial public offerings around the region have opened below their issue price is perhaps a good indicator of shorter term prospects for markets. Until recently investors had poured into IPOs with an enthusiasm usually reserved for the final stages of a bull market. A final point of caution for investors is that although Asian economies, and to a lesser extent markets, appear to have finally achieved the long awaited decoupling from the West, it remains the case that foreign investors continue to have a significant influence over these markets. It is unlikely that Asia will be unaffected should developed markets suffer any setbacks.

PLATINUM EUROPEAN FUND



Clay Smolinski
Portfolio Manager

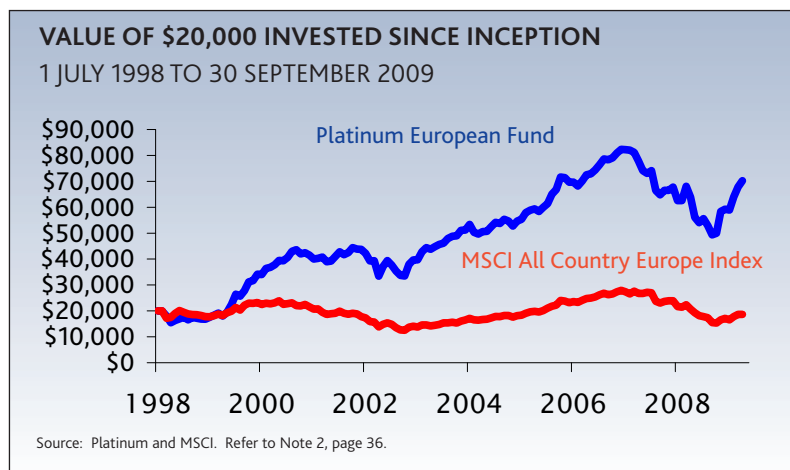
PERFORMANCE

When we left off three months ago, European markets had just staged a strong recovery from their March 10th lows, with the DAX, CAC and FTSE having risen (in local currency) 23%, 18%, and 20% respectively. The main areas of action were the cyclicals, financials and anything that had been dragged down over concerns about excessive debt.

Over the last three months the play back has been remarkably similar with the standout performance coming from the financials (ING +70%, Unicredit +48%, HSBC +43%), industrials (Sandvik +34%, ThyssenKrupp +33%) and materials (Heidelberg Cement +68%, Saint-Gobain +49%). The laggards continue to be in the more defensive areas, most notably the food retailers (Delhaize -5%, Franz Colruyt -2%, Carrefour +2%).

As well, the Australian dollar strengthened against the majority of its European counterparts, rising 5% against both the Euro and Swiss Franc, and 12% against the Pound.

In regards to the portfolio, the best performing of our larger positions over the period included Infineon (semiconductors, +66%), which benefited financially from the removal of bankruptcy fears after they raised €725mn via an equity placement and sold their wire-line division for €250mn, and then from trading conditions as markets started to factor in better expectations for their auto and industrials



division. Another leader was Saint-Gobain (global diversified building materials, +49%) which performed strongly as the first signs of improvement in the US housing market gave the market more confidence in extrapolating such a recovery for the European building markets.

The weaker performing names in the portfolio include Reed Elsevier +4%, (professional publishing, detailed in last report) as the markets continue to struggle with the uncertainty of the additional investment being made in their LexisNexis legal platform. The fact that Svenska Cellulosa and Royal Dutch Shell, who both returned +17% for the quarter, feature as the next weakest performers within the portfolio is a (cautionary!) illustration to show just how broad the strength of the European markets has been.

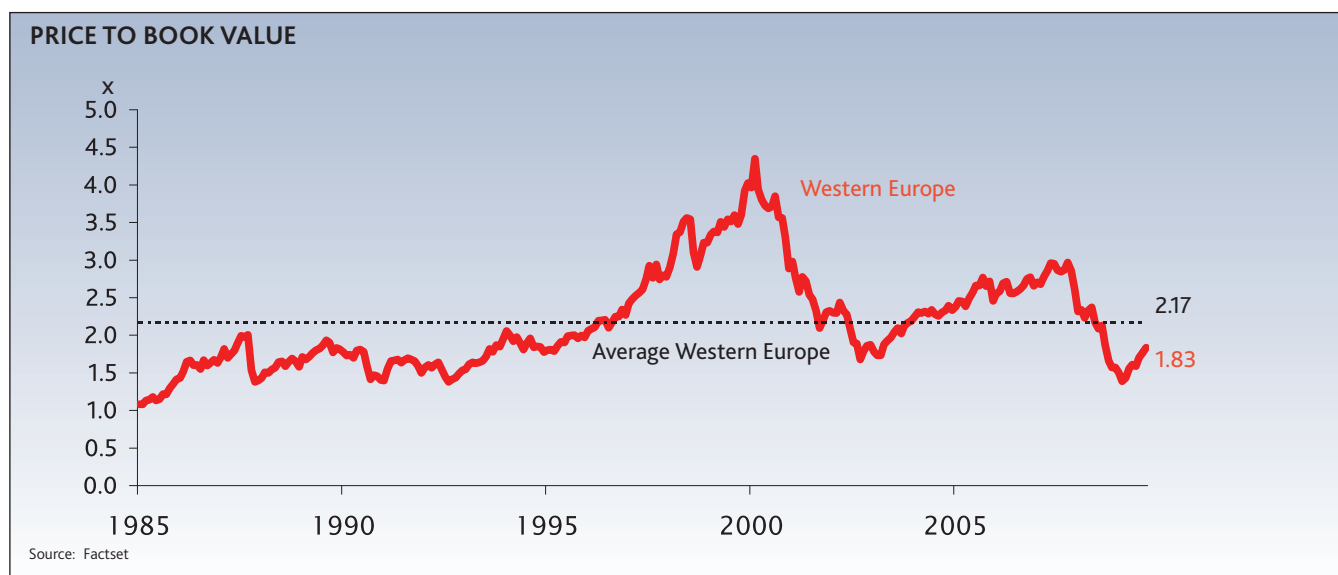
In Australian dollar terms, the Platinum European Fund returned 19.2% for the quarter compared to 12.8% for the MSCI All Country Europe Index.

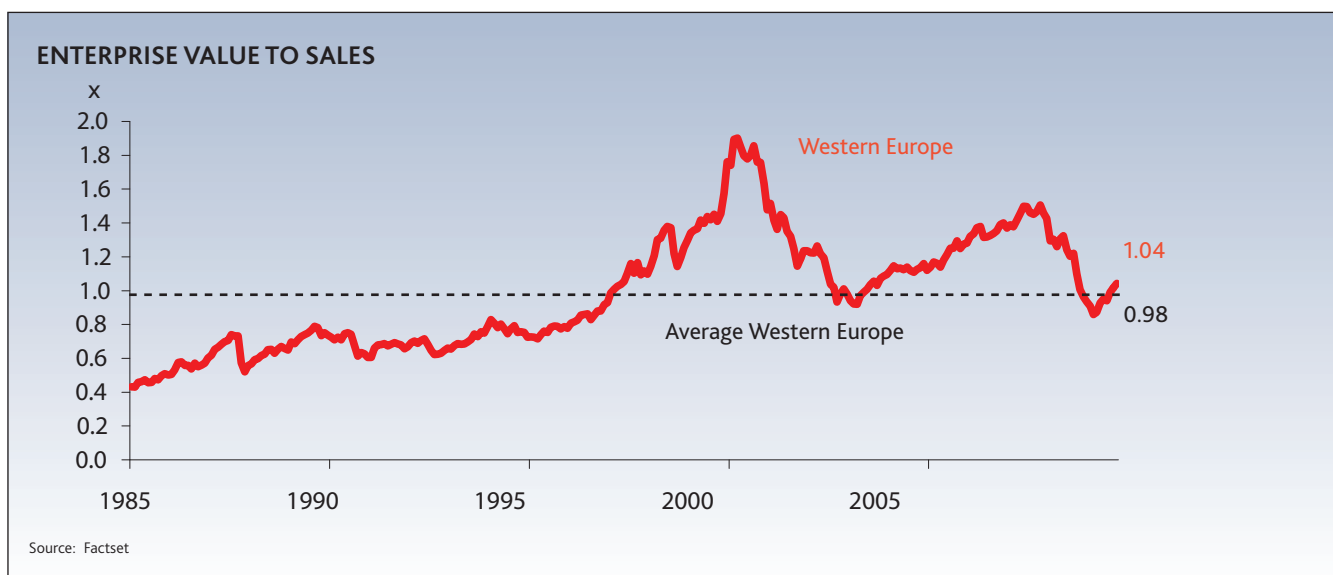
COMMENTARY

After the sharp rally we have seen in European markets over the last six months it is worthwhile to step back and identify where the markets are now, and how the opportunity set has changed for investors.

Firstly, the major European indices now sit between 25% to 40% below their respective 2007 peaks (CAC -40%, DAX -30%, FTSE -25%), with MSCI Europe trading on roughly 13x 2010 forecast earnings (implying on average a 30% earnings' improvement next year). On price to book and enterprise value to sales valuations (enterprise value = market capitalisation + value of net debt held by the company) Western Europe trades on 1.8x and 1.04x respectively, valuations that are *close to multi-decade averages but below ranges seen in the last 15 years*. From a 30,000ft view, markets are not yet at valuations that would leave us fraught with concern.

Moving a step closer, one topic that dominates the current market chatter is whether one should now own the cheaper 'defensive' stocks, or if the cyclicals still hold the best risk-reward trade off. The typical ideas brought forward may read something like this: at one end of the spectrum you have the optically 'cheap laggards', defensive or utility style businesses such as





the fixed line telecom operators, trading on 10x earnings and >5% dividend yields. In the case of the fixed line telcos these are currently seen as no growth businesses operating in mature markets, with wire-line revenues under continued threat from mobile broadband substitution. Next in the spectrum would be one of the cyclical recovery plays, which have typically risen between 50%-150%(!) from their March lows. An example is SKF, which is the global leader in the manufacture of bearings, and given the sheer diversity of its industrial and transport markets is a typical GDP growth reliant business. The company posted peak profits of 10 Swedish Krona (SEK) per share in 2008, with current analyst forecasts predicting earnings of (SEK) 5, 7.5 and 9.5 for 2009, 2010, and 2011 respectively. SKF, trading currently at SEK 105 implies a forward valuation of 14x 2010 and 11x 2011 earnings, which compares with a valuation band of 10-15x earnings over the last decade. The earnings and valuation expectations surrounding SKF are not atypical of the bellwether cyclical names today. Certainly a sustained recovery would allow SKF and many other names like it, to continue to perform, but it seems much of this is now being reflected in the price.

Given the market's run and the fact that you might be left thinking these common headline ideas listed above

sound relatively uninteresting, are we now struggling to find attractive investment opportunities?

Thankfully we are still finding plenty of divergence where higher quality businesses are being priced the same as the average business. For example, if we wanted to project this simple 'defensive/utility' categorisation onto the portfolio, what do the holdings look like?

The opportunity we have seen in the defensive/utility areas has been in companies like **Veolia Environment** and **SES**. When our position was built, Veolia traded on a similar (10x) valuation to the fixed line telcos but in contrast, the concern about Veolia was how its large debt load would hinder its growth prospects (a far more transient concern), rather than any structural issues surrounding their markets (the water, waste and energy concessions/services markets Veolia operate in have a sound growth outlook). SES controls the second largest global fleet of satellites, providing the key infrastructure for the direct-to-home satellite TV markets. The outlook for the company is bright, it holds a duopoly position with Eutelsat in its core European markets, price per transponder (capacity) remains steady while the per transponder cost of new launches continues to fall, and the increasing global shift to multichannel TV broadcast in high definition will fuel continued strong demand for transponder

capacity. These factors should allow SES to deliver strong earnings growth over the next few years, a not uninteresting prospect with the company priced at a 12x earnings multiple. Similarly, for our cyclical companies that do have some reliance on a general economic recovery rather than a specific theme related to their end markets, we favour names with a strong valuation case, such as **Lagardere** (<10x PE, 1x price/book) or where we believe significant operational improvements are progressing within the business (BMW).

The important political event over the quarter was the outcome of the German election that saw victory by the centre-right, with the formation of a coalition between Merkel's CDU and the liberal Free Democratic Party (FDP). This disbands the 'grand coalition' between the centre-right Christian Democrats (CDU) and the centre-left Social Democrats (SPD) parties, the product of the electoral stalemate in 2005. Merkel, no longer inhibited by a centre-left partner can now pursue policies closer to her original pro-reform agenda in 2005 which should bolster consumer and business confidence, with the headline changes being income tax cuts, extension of nuclear plant operating lifetimes, and labour market reforms (ie. dismissal regulations for small business).

DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
BELGIUM	3%	3%
FINLAND	4%	4%
FRANCE	24%	22%
GERMANY	39%	40%
ITALY	2%	2%
NETHERLANDS	3%	4%
NORWAY	2%	2%
SWEDEN	3%	3%
SWITZERLAND	1%	1%
UK	5%	5%
CASH	14%	14%
SHORTS	4%	2%

Source: Platinum

CHANGES TO THE PORTFOLIO AND OUTLOOK

During the quarter we fully exited our holdings in Infineon and IDS Scheer. In the case of IDS Scheer, we chose to take advantage of a €15 per share takeover bid made by Software AG for the company, a 30% premium to last close.

New additions to the Fund included German insurance giant Allianz, the aforementioned SES, and a London listed platinum miner. We find the story around platinum quite interesting at current price levels. The long-term demand outlook for the metal looks promising given booming Asian auto sales, whilst 70% of global supply is held by three producers (Anglo Platinum, Lonmin & Impala) all of which are facing supply constraints and spiralling extraction costs driven by wage inflation, unreliable access to power and the need to move to increasing mine depths. (We calculate Anglo Platinum requires a price of US\$1,250 just to cover cash extraction costs and sustain capex.)

Regarding currency, we have continued to scale back our A\$ holding, with the currency position of the Fund principally 55% Euro, 25% Australian dollar and 10% Norwegian kroner.

In terms of outlook, as a positive, it is interesting to see M&A activity starting to heat up between industry buyers (Kraft-Cadbury), but on the other hand we remain conscious of the large number of companies now looking to tap the equity markets via capital raisings (most recently Heidelberg Cement, Societe Generale and BNP Paribas). Overall, confidence in the idea that the global economies are back on track is building, and this is being reflected in valuations with European markets *in aggregate* looking more fairly priced than cheap.

Currently the European Fund is 86% long, 14% cash and 4% short, giving a net invested position of 82%.

White Rabbit Collection

Thursday to Sunday, 10am to 6pm, free entry
30 Balfour Street, Chippendale, Sydney, NSW
www.whiterabbitcollection.org

On the 1st August 2009, Judith Neilson opened to the public the White Rabbit Gallery in Sydney. As the gallery is funded by the Neilson Foundation, Judith offers a special welcome to associates of Platinum.

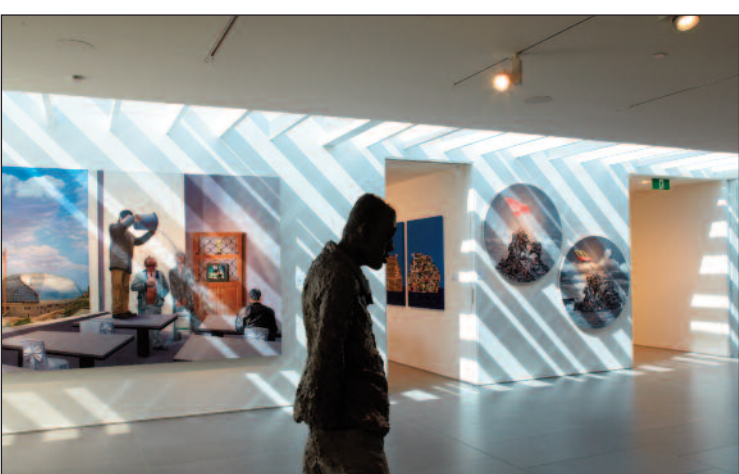
The Gallery shows a unique collection of contemporary Chinese art, all works having been created since 2000. The collection comprises sculptures, paintings, installations, photographs and video. The current exhibition is invigorating in terms of subject matter and scale. This first show hosts 49 artists taken from the growing collection of some 160 artists. The collection will be rotated every six months or so.

Visitors have expressed surprise at how it has challenged their preconceptions regarding China. They have also enjoyed the attentive and informative tour guides.

Located at 30 Balfour Street in Chippendale - across Broadway from the UTS tower or about 10 minutes walk from Central railway station, it is easy to find. Admission is FREE. Open 10am to 6pm, Thursday to Sunday.

Liz Norman, Investor Services Manager





PLATINUM JAPAN FUND



Jacob Mitchell
Portfolio Manager

PORTFOLIO POSITION

PERFORMANCE (compound pa, to 30 September 2009)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM JAPAN FUND	0%	24%	-3%	6%	16%
MSCI JAPAN INDEX	-2%	-11%	-13%	-2%	-1%

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

We have reformatted the opening section to provide investors with a better sense of changes in portfolio composition over the past year.

SECTOR BREAKDOWN

SECTOR	SEP 2009	SEP 2008
DOMESTIC	50%	47%
FINANCIALS	12%	13%
REAL ESTATE & CONSTRUCTION	9%	18%
TELCO, IT AND INTERNET	14%	5%
RETAIL AND SERVICE	15%	11%
EXPORT	39%	36%
COMMODITIES	8%	6%
ALTERNATIVE ENERGY	9%	5%
AUTOS	6%	9%
TECH/CAPITAL EQUIPMENT	16%	16%
GROSS LONG	89%	83%

Source: Platinum

DISPOSITION OF ASSETS

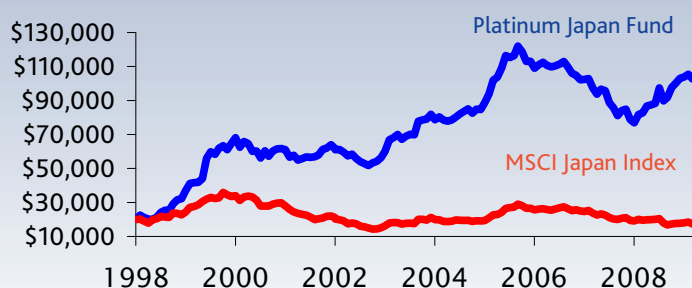
REGION	SEP 2009	JUN 2009
JAPAN	83%	82%
KOREA	6%	6%
CASH	11%	12%
SHORTS	14%	18%

The Fund also has an 18% short position in Japanese Gov't Bonds.

Source: Platinum

VALUE OF \$20,000 INVESTED SINCE INCEPTION

1 JULY 1998 TO 30 SEPTEMBER 2009



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

PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the past 12 months the Fund rose 24.1%, outperforming the MSCI Japan Index (A\$) benchmark by 35.3% and over the past quarter the Fund was flat, outperforming the benchmark by 2%. It was a tough quarter for Japan equity investors, as the Japanese benchmark underperformed the global benchmark by 10.4%.

The flat result for the Fund comprised roughly:

- Long gain of 1.7%
- Short loss of 0.5%
- Cash and other loss of 1.2%

Japan at best remains a traders' market. Even as global leading indicators continued to improve, the outperformance of the cyclical bets started to reverse. Whilst we thought Japan's cyclical rebound would continue, we have avoided the worst of the damage by reducing the cyclicality of the portfolio on the way up. The catalyst was the return of Yen strength as the general US dollar depreciation against most currencies gained momentum. In previous episodes of Yen strength, domestic sectors have provided some prospect of absolute return for investors. However, given the sad outlook for domestic demand, this pattern is now breaking. The meagre outperformance that we did achieve was driven by some very stock specific outcomes rather than any major thematic, sectoral or macro call.

Since the circulation of the June quarterly, we have received requests from investors regarding attribution for the 31% return achieved year end June 2009:

- Long 17% (average exposure 85%)
- Short 9% (average exposure 16%)
- Other 5%

Whilst we didn't travel during the quarter, we continued a fairly hectic teleconferencing schedule. It rarely pays to be too prescriptive (ie. confirmation bias, the tendency to find what one is looking for rather than a more serendipitous approach), notwithstanding, we focused our efforts on uncovering secular growth opportunities. Recently, we've found interesting undervalued ideas in the high growth areas of internet content, health care and alternative energy. In stark contrast to a year ago when many domestic stocks were significantly overvalued as safe havens relative to export sectors (that were being priced for the worst following the Lehman Brothers' bankruptcy) we have recently found greater value in domestic areas – the trick will be to avoid the value traps.

Changes to the portfolio over the quarter (end of last quarter):

- gross long stocks 89% (88%)
- short stocks 14% (18%)
- net stocks 75% (70%)

Changes included:

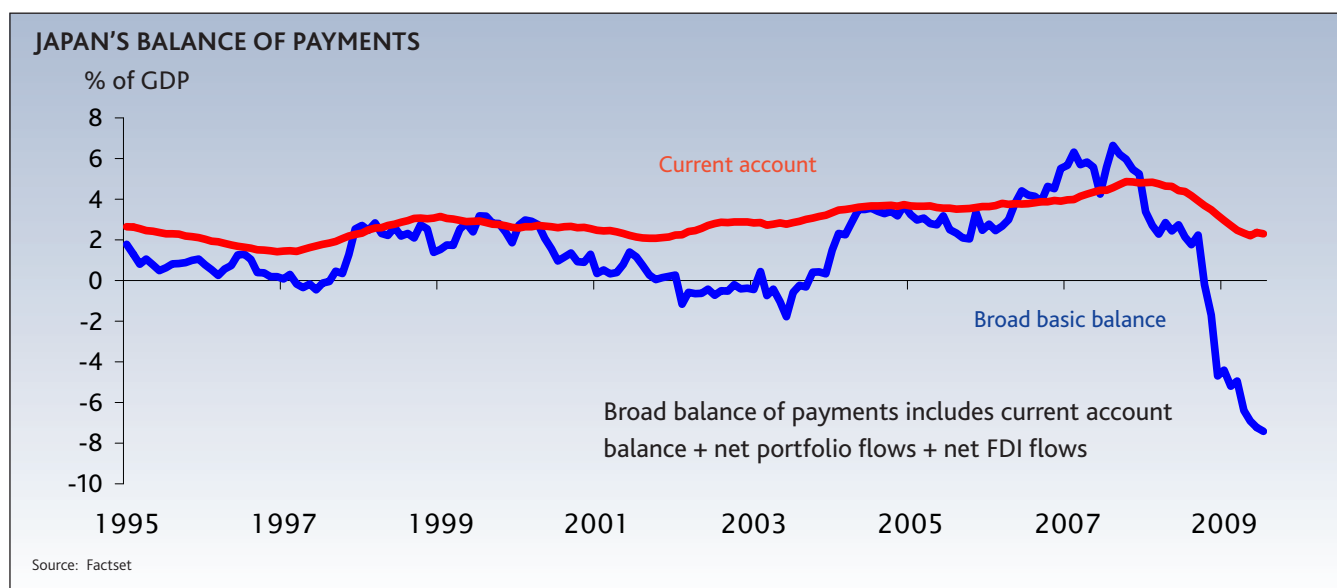
- Lifting our holdings in Japan's two largest mobile telephony companies NTT Docomo (3.5%) and KDDI Corp (3.8%) as the valuations became too attractive to resist.
- In the real estate area we sold down some of our major winners, Arnest One and Sumitomo Real Estate Sales as the market had repriced the stocks as major beneficiaries of low-end housing subsidies, hence, there was no longer any real reason to own the stocks (and in Japan, that means sell).
- Export exposure remained steady at around 39%; we reduced the auto and commodity bet as we assessed that on the back of various cash-for-clunker subsidies and euphoria regarding Chinese loan growth, the stocks had gotten ahead of themselves.
- In the alternative energy space, we continue to find opportunities on both the long and short side and on the long side increased our holdings from 7% to 9%, largely by adding to existing positions. We argue that Japanese companies retain some comparative advantage in this area given the depth of technology required.

- On the short side we covered some of our more defensive positions with a domestic orientation (eg. utilities) to make room for shorts on some more cyclical stocks that had bounced back to unsustainably high valuations (eg. auto components, capital equipment and alternative energy). We have a preference for shorting stocks with weak balance sheets.
- We increased our short in Japanese Government bonds from 12.6% to 18.2%, as given the prospect of a greater supply and declining rate of savings accumulation, yields of 1.3% are unsustainably low.
- On the currency front, our Yen exposure fell from 47% to 40% and A\$ fell slightly from 16% to 15% as we increased exposure to US\$ and proxies (Taiwanese dollar) from an aggregate of 14% to 19%. We positioned the Fund for a rebound in the US\$ that never came. Whilst we have been too pre-emptive in reducing our A\$ exposure, the A\$/Yen move against us for the quarter was probably less than some imagine at 2%. The Korean won remains undervalued and we maintain a high 25% weighting in this currency.

OUTLOOK

As we discussed last quarterly, in each of the next four reports we'll focus on a different major issue facing investors in Japanese equities. Last quarter we discussed the "potential" for a reorientation of the Japanese household balance sheet if Japanese investors were ever to lose faith in nominal assets like Japanese government bonds. The issue for this quarter is the unsustainability of the government's fiscal position (and recent political changes).

In a landslide result, the Democratic Party of Japan (DPJ) won the August national lower house election. It is only the second time since 1955 that the Japanese have elected a Central Government other than the Liberal Democratic Party (LDP). We think it will take some time for the dust to settle and for the new party's real policy bias to appear. Much discussion has focused on their apparent socialism ie. family support payments, preference for a stronger Yen and a domestic led economic recovery – but we're not sure how this differentiates them from the LDP (who spent a good part of two decades blowing-up Japan's fiscal position with social spending). Possibly the difference is that much of the LDP's social spending lined the pockets of construction contractors. Given the sad state of



Japanese government finances (government debt to GDP ratio approaching 200%), there is really little room to move for any party as spending increases will require tax hikes and over time the similarities of the DPJ to the LDP are likely to become more, rather than less obvious.

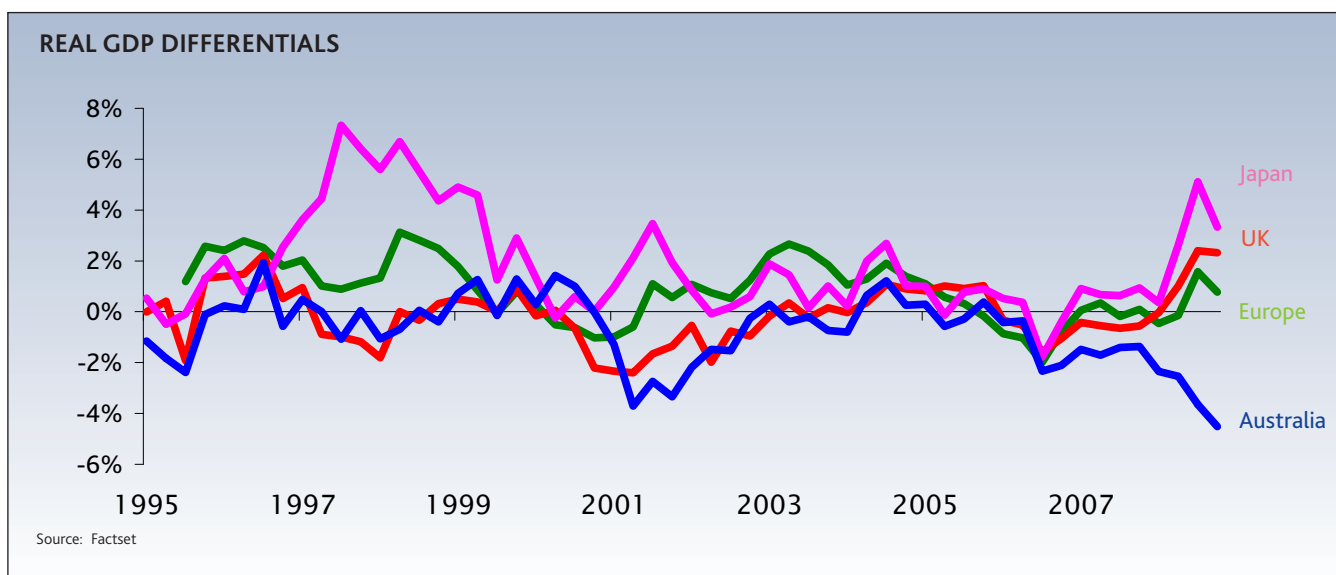
We don't think the recent Yen strength will be sustained due to the collapse in the savings rate and broad balance of payments (see chart page 22) – Japan is no longer the export behemoth that it once was. In the short-term, the currency is trading off the general US\$ depreciation and comments by the sprightly new 77 year old Finance Minister, Fujii, implying “tolerance” for a strong Yen. The problem with the “tolerance” statement is that it implies that the Bank of Japan (BOJ) has recently intervened to weaken the Yen and this clearly has not been the case. The last major intervention occurred in the first quarter of 2004 when the BOJ, at the request of the Ministry of Finance (MOF), sold a record 14.8 trillion yen (\$164bn).

In fact, monetary conditions within Japan are extremely tight as unlike the European Central Bank and the Federal Reserve, the BOJ has not provided any significant capital to credit markets. Since March 2009 Euroland and the UK have expanded money supply faster than the profligate Federal Reserve whilst Japan,

more by default than design, continues a “cold turkey” tightening bias supporting a stronger Yen. The chart below displays real GDP growth rates of some major economies relative to the US (an upward sloping line indicates real GDP growth slower than the US) and one can see that the strong Yen policy is coming at considerable cost to the economy (calendar year 2009 Japan is on track for a 5.7% GDP decline versus 3.9% in Euroland and 2.6% in the US) – hence, we think the policy is unsustainable.

Whilst it's admirable for the DPJ to attempt to stimulate domestic demand via family welfare payments and, a decade ago this may have worked, now Japan needs far more radical surgery. Moves to promote domestic consumption, if not accompanied by significant micro economic reform aimed at increasing labour and capital mobility, will likely fail. And then the obvious risk of a tight monetary, strong Yen policy becomes apparent ie. profit declines, leading to capex cuts, workforce reduction, consumption declines and voter dissatisfaction.

We think there will be one subject on which the DPJ will retain very similar views to the LDP and that is the desire to hold onto power. Accordingly, sometime between now and the upper house elections in June/July next year, Finance Minister Fujii will



likely discover the merits of a weaker Yen (and monetary policy will be loosened). Whilst we'll keep an open mind on the potential for DPJ-LDP policy differences, it hasn't (and likely won't) carry much weight in the formulation of our investment strategy ie. we'll continue to do what we have always done in Japan – look for and invest in interesting undervalued stocks (and short vulnerable ones).

The rebound in the Japanese equity market has been extremely weak (especially for unhedged A\$ investors – only 7% off the March 2009 low), and though it could be best described as a “kick the dog” quarter, we're excited by the valuations and prospects of the stocks we own.

PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Brands Fund achieved a positive return of 11.4% for the quarter in rising markets where the benchmark MSCI World Index returned 8%. Despite the recent surge in the markets the benchmark MSCI performance for 12 months continues to show a loss of 10.7%, while the Brands Fund returned a positive 14.4%, a relative outperformance by the Fund of 25%. Over five years the Brands Fund has returned 11.2% pa compared to the 0.5% pa from the MSCI.

The European stocks in the Fund contributed strongly to the quarter's performance. The Fund's leading positions were up significantly with Henkel, as discussed in the last quarterly report, and Adidas, up over 30%. BMW and Pernod both added more than 20%. The other 'intriguing addition' to the portfolio discussed in the last quarterly was up 40% on the quarter and continues to be held by the Fund.

The Fund's Japanese investments were notable detractors from performance with declines over the quarter. In the rising markets the Fund's short positions also marginally detracted from performance.

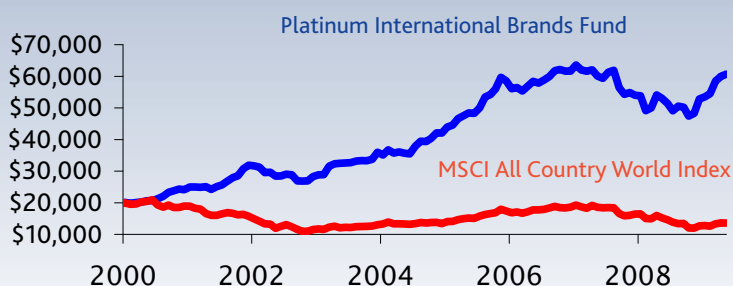
DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
EUROPE	41%	36%
ASIA	25%	23%
JAPAN	9%	10%
SOUTH AMERICA	6%	5%
NORTH AMERICA	5%	5%
CASH	14%	21%
SHORTS	8%	7%

Source: Platinum

VALUE OF \$20,000 INVESTED SINCE INCEPTION

18 MAY 2000 TO 30 SEPTEMBER 2009



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

COMMENTARY

Past quarterly commentaries of the Brands Fund have highlighted the apparent contradiction between the challenging macro factors at play, particularly the deteriorating consumer markets of the developed world, and the opportunities that are inevitably available for investment.

Notwithstanding the very real difficulties being faced by many consumers there remain significant returns to be gained from stocks in high quality companies in the mature markets, especially in those cases where the management teams take constructive advantage of the circumstances. By way of example, Henkel remains a significant holding given our assessment of the ongoing improvements to its business. Likewise, there remain attractive developments in the operations of the Fund's other major holdings: Pernod, Adidas and BMW.

Having noted that the core holdings of the Fund remain attractive and are contributing well to performance it is always difficult to resist the temptation to enthuse about the virtues of the latest addition to the Fund. Interestingly, the Fund continues to find a range of intriguing opportunities.

Perhaps surprising is that relatively undiscovered or neglected companies can be discovered in the most obvious of places. For instance, it's improbable, given the focus on China of the last few years and the growth in consumption, to identify a market leading branded goods company supplying the Chinese consumer that's apparently been neglected by the markets.

Hsu Fu Chi International Ltd, a leading confectionery producer to the Chinese, was added to the Fund at 12x trailing earnings and with cash on the balance sheet to fund additional capacity.

Hsu Fu Chi's core production facilities in Dongguan have a combined productive floor area exceeding 500,000 sq metres housing 136 production lines and 380 high-speed automated packing lines capable of producing more than 700 tonnes of confectionery a day!

The majority, 98%, of the confectionery produced is for the Chinese market. Indeed, given the continuing growth and the need to construct more manufacturing facilities it is unlikely that readers will be able to sample the products other than by visiting China.

Although only listed in 2006, the company has been winning awards in China for many years and has been the market leader with its candy products since 1998. The stock listing in Singapore as opposed to Hong Kong may partially account for the financial markets' myopia despite the obvious size of the facilities and the financial growth of the company.

There is little broker coverage and the share register is notable for the lack of participants. The investment plans and recent performance of this company suggest that it's still a relatively young company but clearly one that's being built for a bigger future. One suspects it's only a matter of time before we hear excitedly from the broker community about this overlooked opportunity.

Many readers will be familiar with the leading tea brand Tetley and perhaps recall the longevity of the distinctive *Tetley Tea Folk* advertising campaigns. Tetley remains the market leading tea in the UK and the second largest branded tea business globally.

Recent organisational changes look promising with global management now centred in the UK and an ambitious plan commitment to expand both geographically and beyond tea with the consolidation of coffee and water businesses into the company. Geographic opportunities abound with the company products available to less than half the world's tea drinkers. The recent acquisition of a major tea and coffee distributor in Russia exemplifies the scope, given that Russia is the world's second largest tea market and is yet to experience the range of products from Tetley.

OUTLOOK

The Fund's focus will continue to be on identifying neglected companies with the potential for sustained growth, mostly but not exclusively from consumers in emerging markets.

Expectations of good earnings results are being enhanced by cost reductions, especially redundancies, and falls in commodity costs. Previous price increases further support margin expansion and underpin the recent optimism. The challenge rests with the revenue line which will increasingly become the focal point now that the crisis on margins and credit has passed.

The search for growth may well be reflected in an increase in merger and acquisition activity, as in the past quarter. The beverage industry, both alcoholic and non-alcoholic, continues to show signs of activity with recent discussions and likely ownership changes in the beer market in Mexico having global implications. Brands Fund has significant exposure to the beverages industries with more than 25% of the Fund invested therein.

The significant decline in Sterling has no doubt facilitated and encouraged Kraft in their attempts to buy Cadbury as they search for growth. Similarly the Brands Fund is investing in a UK-based company with brands that are widely recognised internationally. The company's recently constructed production facility in China is believed to be the world's largest in the category. Modern capacity and ambitious expansion plans make this an attractive proposition for a variety of suitors.

PLATINUM INTERNATIONAL HEALTH CARE FUND



Bianca Elzinger
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 September 2009)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM INT'L HEALTH					
CARE FUND	6%	-2%	-3%	2%	2%
MSCI HEALTH CARE INDEX	3%	-12%	-8%	-1%	1%

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

The Platinum International Health Care Fund increased 6.1% in the quarter compared with an increase of 2.8% for the MSCI World Health Care Index. For the year the Fund lost 1.7%, while the index was down 11.6%.

Our biotech holdings continued rising strongly this quarter. Incyte doubled in value and was successful in raising money. Raising cash was, in general, not a problem for the industry; several of our holdings successfully completed equity raisings. All cashed up, it is now time to focus on the essentials: drug approvals, drug launches and selling products.

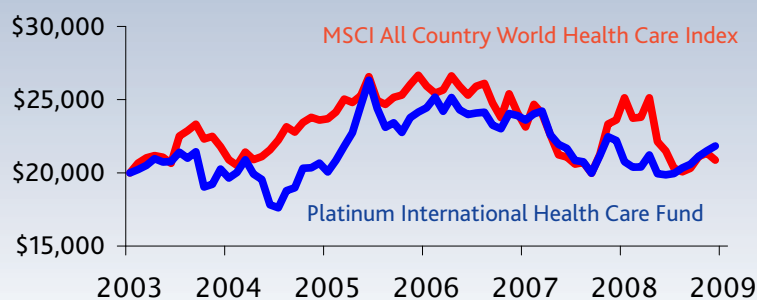
Our tool and diagnostic companies also recovered with Caliper Life Sciences being a stand out (up over 60%). This company develops imaging equipment that is used in modern drug development and allows the real time monitoring of physiological events in mice. It is a very interesting company that has steadily improved its product offering over the past three years having built a strong instrument base which will now lead towards consumables and as such towards profitability.

DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
NORTH AMERICA	47%	46%
EUROPE	32%	31%
JAPAN	0%	2%
CASH	21%	21%
SHORTS	0%	4%

Source: Platinum

VALUE OF \$20,000 INVESTED SINCE INCEPTION 10 NOVEMBER 2003 TO 30 SEPTEMBER 2009



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

UCB, the Belgian biotech company we have highlighted previously has calmed its critics and shown that despite US patent expirations for its main drug, the company is not falling off a cliff at all. The newly approved drugs are doing better than expected and the experienced CFO keeps costs well under control. This scenario was part of our investment case for the company and we believe this company will continue to positively surprise.

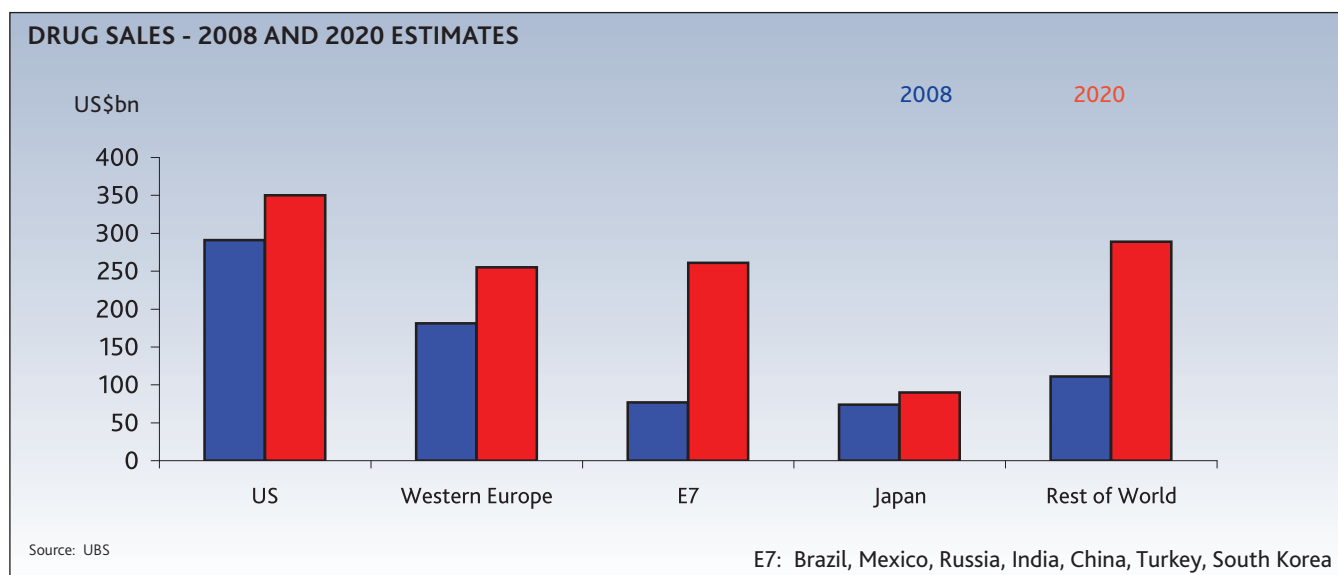
There are other companies with upcoming patent problems in our portfolio. While analysts recommended staying away, we added to our holdings in these companies. The reason for this strategy being that the cashflow over the coming years underpins the current valuation. This allows us to have a free option on pipeline assets.

Consolidations and licensing deals continued (several of our holdings were actively involved) with no end in sight. As these deals happen rather rapidly, analyst's financial models of pharma companies often become obsolete overnight. It is clear that these deals are about product diversification (eg. JNJ bought 18% of vaccine maker Crucell), access to biotech assets (JNJ, Sanofi acquired US biotechs with phase 3 drugs), as well as to reduce exposure to the US and the EU (eg. Sanofi-Aventis acquired Indian vaccine maker Shanta).

The key to understanding pharma today is as much about their human relationships with biotech executives and talent in emerging markets, as it is about their historical financial performance in times of change. The first aspect, however, is impossible to model in an excel spreadsheet, but worthwhile analysing as these networks hold a lot of value.

Analysts also grumble about the complexity of modelling sales of drugs in emerging markets, where sales data is difficult to come by; there are many unknowns and it is difficult to assess how well prepared a company is to tackle these new opportunities. Too much dependence on the US market is a handicap; it is all about the new playgrounds of India, China, Mexico, Turkey, Brazil, South Korea and Russia. In 2008, sales in these countries amounted to almost \$77bn and estimates pin 2020 sales to be almost \$261bn.

Japan is another pharma treasure trove as most western drugs are still unavailable, albeit pricing will be restricted. The table below lists the different markets along with 2020 estimates (in billions US\$).



This geographic expansion will not be an easy endeavour; each one of these countries has its own idiosyncrasies. Local knowledge is a critical yet scarce asset and in a lot of ways European companies have deeper experience in managing such diversity.

The large product portfolio (drugs, vaccines, animal health, generics, consumer products) along with the diverse geographical footprint are reasons why we like French pharma company Sanofi-Aventis (approximately 30% of sales are derived ex US/EU). Although French, the company is happy to manage joint ventures, particularly with Merck and has shown success in countries such as Japan and China. Despite all that, the company is not a favourite. This negative bias is simple; US/EU patent expirations, combined with pipeline failures and delays, make for a bleak 2012/13 timeframe; analysts advise to wait and see.

Sanofi is doing the opposite and is changing rapidly. Late last year a German/Canadian outsider (albeit with very strong ties to France) was appointed as CEO and since then Sanofi has not looked back. Cash is being put to work, new vaccines were added as was an Indian vaccine company, branded generics were acquired for Eastern Europe, Brazil and Mexico; as well as new cancer drugs being added to the pipeline.

The new CEO has been as bold as to state that if Sanofi remains as it is today, by 2013, sales and profit will be the same as in 2008. We all know this will not be the case and further acquisitions have been completed since that statement.

Sanofi does look at the world rather differently from its peers; it separates the world into north (mature) and south (opportunities). Progress is being made in the “south”. In 2003 in China, the company had virtually no sales, while today Sanofi-Aventis is the number three multi-national company in China with about 3,500 employees, selling almost US\$500mn worth of products. In Brazil, Mexico and Eastern Europe acquisitions will assist in lifting Sanofi’s knowledge of local operating conditions. These markets are very different to the US and EU being more consumer and brand focused. Products considered old in US/EU are perfectly fine to sell in these countries.

There will be more acquisitions and alliances in the future to gain exposure to these emerging markets of the world. As large multinationals try to increase their presence in non-traditional drug markets it is likely that they will favour joint ventures or take-overs. With this in mind we have a number of ideas, including manufacturers, distributors, diagnostic and tool companies. Often these companies are in good shape but not available at the right price-yet. We do see this geographical shift as a long-term theme and will continue to find ways of exploiting it.

PLATINUM INTERNATIONAL TECHNOLOGY FUND



Alex Barbi
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 September 2009)

	QUARTER	1 YR	3 YRS	5 YRS SINCE INCEPTION
PLATINUM INT'L TECH FUND	9%	29%	4%	8%
MSCI WORLD IT INDEX	8%	-2%	-6%	0%

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

The Fund's value increased by 8.9% during the quarter, compared to an increase of 8.3% for the MSCI World Information Technology (A\$) Index for the same period.

Over twelve months the Fund has recorded a very strong positive 29% return and substantially outperformed both the MSCI World Information Technology (A\$) Index -1.9% and Nasdaq measured in Australian dollar -2.9%.

This quarter the largest contributions to the Fund's performance came from Asian holdings. Our decision to add substantially to the position in Samsung Electronics (please refer also to our June 2009 quarterly report) proved to be the correct one, with the stock increasing by 38% over the quarter. Hong Kong listed small caps were also strong performers: Ju-teng International (notebook computers components) +57%, Comba Telecom Systems (China based telecom equipment provider) +82%, and AAC Acoustic (audio components for telecom handsets) +44%.

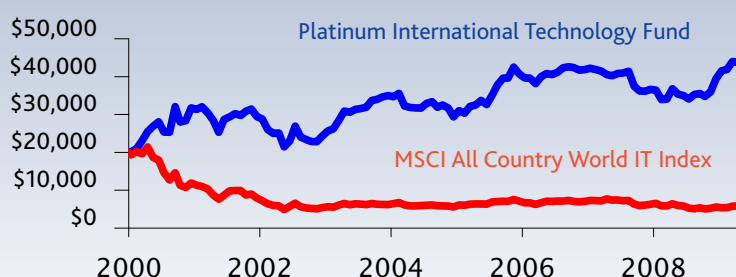
DISPOSITION OF ASSETS

REGION	SEP 2009	JUN 2009
NORTH AMERICA	27%	22%
ASIA	24%	27%
EUROPE	19%	15%
JAPAN	14%	9%
CASH	16%	27%
SHORTS	2%	5%

Source: Platinum

VALUE OF \$20,000 INVESTED SINCE INCEPTION

18 MAY 2000 TO 30 SEPTEMBER 2009



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

In the US, Veeco Instruments was up 101% as the market became more aware and enthusiastic about opportunities in the LED market, where the company is a strong player. As a reminder, Veeco is the leader together with German based Aixtron in the metal organic chemical vapour deposition tools for the manufacturing of light emitting diodes (LEDs - tiny semiconductor chips that emit light when subjected to a small current). (Please refer also to our original stock story in the March 2008 quarterly report.)

In Europe, performance of our German stocks was strong across the board and we introduced a few new names available at interesting valuations. In France we bought SES, the provider of satellite broadcasting to pay-tv operators across Europe, America, Asia and Africa and in the UK we bought Reed Elsevier, the leader in legal and medical publishing whose business is becoming an internet delivery service.

Japan was only a minor contributor to the Fund's performance thanks largely to the solid progression reported by Jupiter Telecommunication (pay-tv + phone + broadband operator). On the contrary, the recently added positions in Japanese telecoms NTT Docomo and KDDI are not performing as expected and we are reviewing the case for them.

On the negative side we exited earlier than expected (at a small loss) our position in HTC (refer to the Smartphone story in our March 2009 quarterly report). We realised that the company's introduction of several new models based on Google's Android operating systems is more challenging than expected for its business model, with management of disparate software platforms threatening to squeeze long-term profitability.

Short positions in selected US and Japanese companies cost us only a fraction of a percentage point in performance terms.

At the end of the quarter, the Fund had marginally added to its positions in Asian currencies (Korean won, Taiwan dollars and Indian rupee) while reducing the position in US\$ to a negligible level, as we maintain our long-term negative view on that currency.

The Fund has increased its position in telecom operators and media companies (20.7%) with the addition of SK Telecom (Korea) and SES (France). Telecom equipment and data networking stocks (wireless, broadband, storage and networking) have been reduced to 15.5%, and software and IT services are down to 11.5%. Semiconductors stocks remained stable at 7.6%.

The Fund's largest individual positions are:

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

At quarter end the Fund was 84% invested with a 2% short position on selected US stocks for a total net exposure of 82%.

Since inception the Platinum International Technology Fund has returned 9.2% pa versus -12.3% pa in the MSCI World Information Technology Index (A\$).

COMMENTARY

SK Telecom (Korea)

We recently had the opportunity to meet with SK Telecom's management. We decided to introduce a position in the company after concluding that the stock price already discounts the negative impacts of new tariffs recently introduced by the regulator but it does not factor in the benefits derived from lower handset subsidies and the introduction of smartphones in the country.

The Korean Communication Commission (KCC) announced tariff cuts for the major telecom operators and while the headline impact is expected to be initially negative on revenues and margins, it will be eventually offset by a less aggressive behaviour from telecom operators in terms of handsets subsidies. More importantly if subscribers want the tariff cuts they will have to agree to longer-term contracts and this will reduce customers' retention costs for telecom operators.

Changes are also occurring in SK Telecom's ambitious strategy to diversify in foreign territories. SK Telecom has announced the sale of their residual 3.8% stake in China Unicom for \$1.3bn (after making a 29% return from the investment over two years). This is refreshingly pragmatic and atypical so far for SK Telecom. When we questioned the investor relations manager, he also made it clear that US adventures were over (SK Telecom recently sold their struggling US business to Virgin Mobile which was later acquired by US-based Sprint). There are no more plans to conquer the world! Also they do not intend to spend more money in Vietnam where they found it quite hard to manage the relationship with the local state-owned telecom partner.

This is refreshing from a company which traditionally has had wild ambitions to expand overseas. The recently appointed CEO has signalled new investments will only be in the "convergence" space (fixed and mobile, broadband, ecommerce).

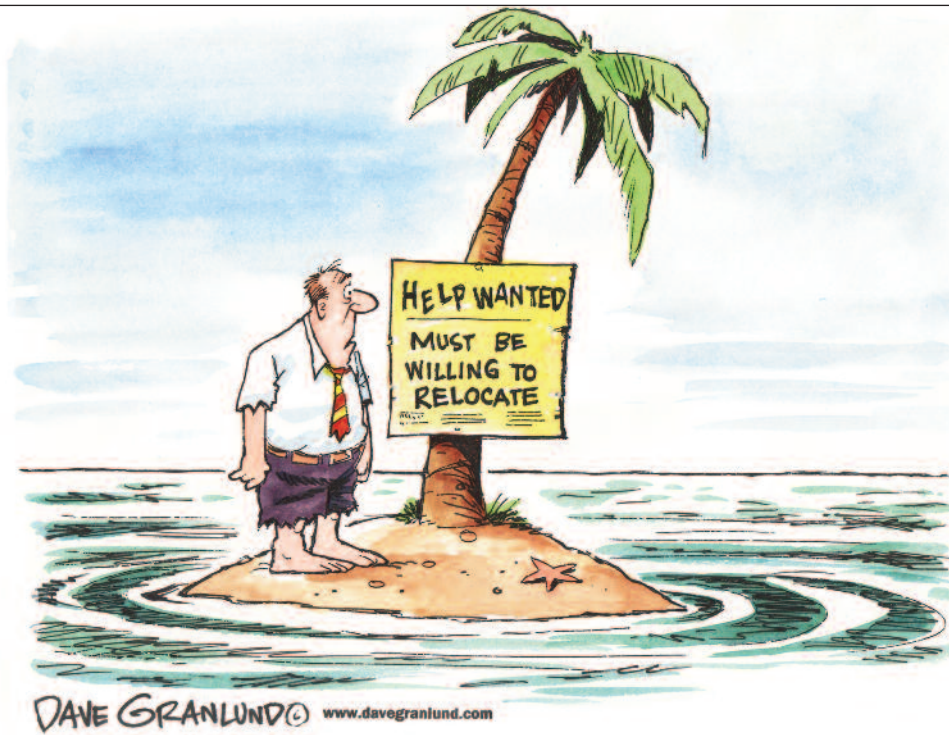
Surprisingly, despite the mature and advanced nature of the Korean wireless market, locals are not yet heavy users of smartphones (only a 1-2 % penetration). Things are changing here as well. Blackberries were introduced in Korea only early this year but Korea Telecom is introducing the 3G iPhone in October 2009 and SK Telecom should follow soon after. The Android-based HTC Hero will also be launched soon. We believe that this will foster higher data usage and it will help increase revenues per subscribers. The superior quality of SK Telecom network compared to its competitors (SK Telecom was the first operator in the world to deploy HSPDA-3.5G) and its dominant 51% market share, will be competitive advantages.

We find SK Telecom's valuation compelling at 1.3x book value, 10.4 PE and 5% dividend yield.

OUTLOOK

Technology companies remain solidly positioned for a recovery in corporate IT capex and consumer spending. They maintain large cash positions on their balance sheets and more recently signs of renewed corporate activity have emerged in the industry, suggesting a relaxation in their cautious attitude of six months ago. Dell announced the takeover of IT services provider Perot Systems, Xerox will buy business process outsourcer ACS and Cisco will take over video-conferencing vendor Tandberg.

In Western economies, we believe that the tech sector is less vulnerable to extended consumer deleveraging compared to other sectors such as consumer durables. Moreover demand for tech products is now becoming much more geographically diversified with the emerging middle class in Asia increasingly representing a higher percentage of global technology consumption. For the above reasons we remain optimistic for the technology sector in the medium-term.





"So that's why your stock sells at 36,000 times earnings."

NOTES

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

2. The investment returns depicted in the graphs are cumulative on A\$20,000 invested in the relevant Fund since inception relative to their Index (in A\$) as per below:

Platinum International Fund:

Inception 1 May 1995, MSCI All Country World Net Index

Platinum Unhedged Fund:

Inception 31 January 2005, MSCI All Country World Net Index

Platinum Asia Fund:

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

Platinum European Fund:

Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:

Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:

Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:

Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:

Inception 18 May 2000, MSCI All Country World Information Technology Index

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

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

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds).

The Platinum Trust Product Disclosure Statement No. 8 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

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

DISCLAIMER: The information in this Quarterly Report is not intended to provide advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Platinum does not guarantee the repayment of capital, the payment of income or the performance of the Funds.

© Platinum Asset Management 2009. All Rights Reserved.

Platinum is a member of the Platinum Group of companies.

MSCI Inc Disclaimer: Neither MSCI Inc nor any other party involved in or related to compiling, computing or creating the Index data (contained in this Quarterly Report) makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI Inc, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the Index data is permitted without express written consent of MSCI Inc.



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

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around \$16 billion, with approximately 9% of this coming from overseas investors. The Company was listed on the ASX in May 2007 and staff remain the majority shareholders.

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

INVESTOR SERVICES NUMBERS

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

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

0800 700 726

(New Zealand only)

OR VISIT US AT OUR OFFICE

Level 8, 7 Macquarie Place, Sydney.



Level 8, 7 Macquarie Place
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

Telephone: 1300 726 700 or 02 9255 7500
0800 700 726 (New Zealand only)

Facsimile: 02 9254 5590

Email: invest@platinum.com.au

Website: www.platinum.com.au