The Platinum Trust® Quarterly Report

31 December 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

Contents

Performance Returns to 31 December 2011

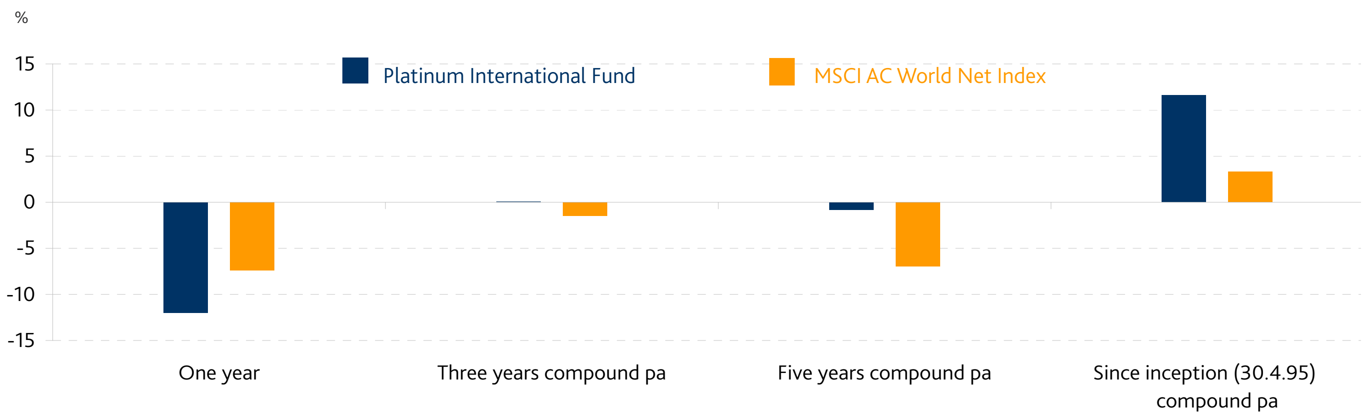
FUND	PORTFOLIO VALUE	QUARTER	1 YEAR	2 YEARS *COMPOUND PA*	3 YEARS *COMPOUND PA*	5 YEARS *COMPOUND PA*	SINCE INCEPTION *COMPOUND PA*
International Fund	**$7,265m**	**-3.8%**	**-12.0%**	**-8.5%**	**0.0%**	**-0.8%**	**11.6%**
MSCI AC* World Net Index		1.6%	-7.4%	-4.3%	-1.5%	-7.0%	3.3%
Unhedged Fund	**$153m**	**-4.7%**	**-11.3%**	**-2.1%**	**7.8%**	**0.7%**	**6.9%**
MSCI AC World Net Index		1.6%	-7.4%	-4.3%	-1.5%	-7.0%	-0.9%
Asia Fund	**$2,739m**	**-6.6%**	**-19.6%**	**-8.4%**	**5.6%**	**1.8%**	**14.5%**
MSCI AC Asia ex Japan Net Index		-2.1%	-17.3%	-6.8%	5.0%	-2.7%	8.0%
European Fund	**$118m**	**-4.4%**	**-13.6%**	**-2.9%**	**6.5%**	**-2.6%**	**9.4%**
MSCI AC Europe Net Index		-0.3%	-11.8%	-10.1%	-4.8%	-10.2%	-1.9%
Japan Fund	**$330m**	**-8.9%**	**-11.8%**	**-5.1%**	**-0.6%**	**-4.7%**	**11.5%**
MSCI Japan Net Index		-8.9%	-14.3%	-6.9%	-10.6%	-11.3%	-2.4%
International Brands Fund	**$610m**	**-5.1%**	**-9.1%**	**2.7%**	**11.6%**	**3.2%**	**11.4%**
MSCI AC World Net Index		1.6%	-7.4%	-4.3%	-1.5%	-7.0%	-3.8%
International Health Care Fund	**$24m**	**-1.2%**	**7.8%**	**7.2%**	**7.4%**	**0.8%**	**2.9%**
MSCI AC World Health Care Net Index		2.2%	8.9%	-0.9%	-3.1%	-3.3%	1.0%
International Technology Fund	**$40m**	**-0.6%**	**-7.0%**	**-5.2%**	**5.6%**	**-0.4%**	**6.5%**
MSCI AC World IT Net Index		1.3%	-4.4%	-3.4%	4.6%	-4.0%	-10.1%

* 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

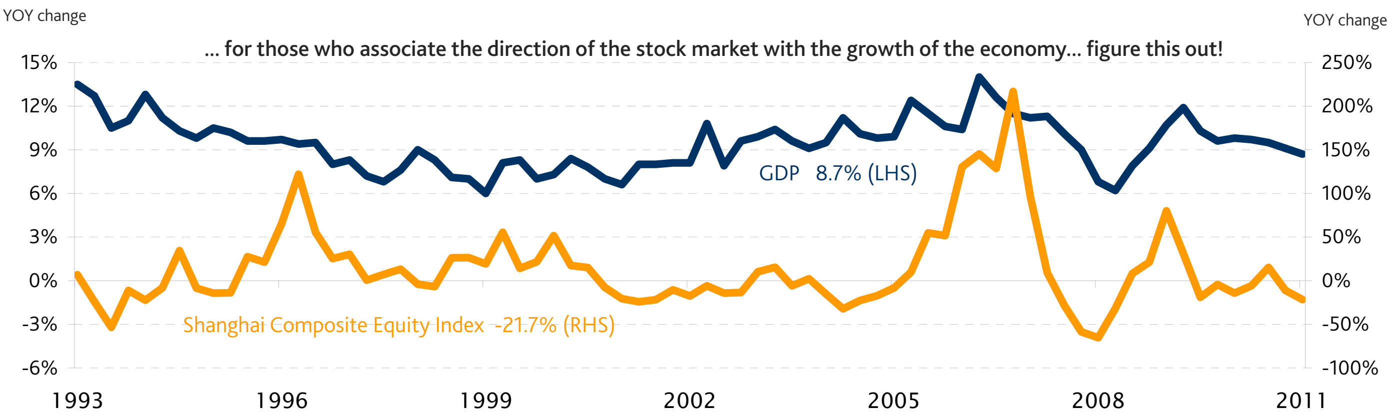
To 31 December 2011



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

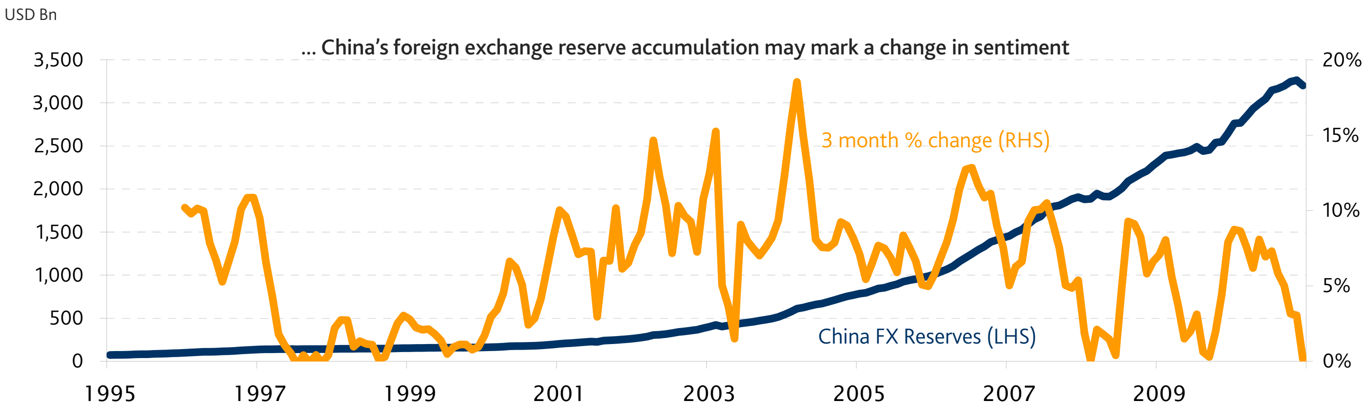
Market Panorama

China - GDP versus Equity Market



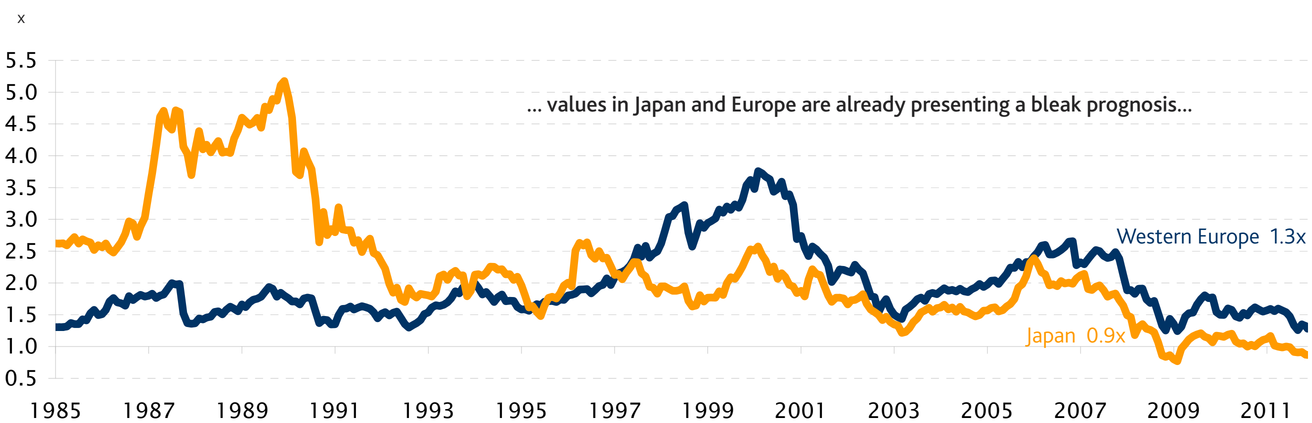
Source: Bloomberg

China Foreign Exchange Reserves



Source: Bloomberg

Western Europe and Japan - Regional Price to Book Ratios



Source: Factset

Why Valuation Matters!

With shares having lost investors money over the last five years (and even 10 years depending on the market), together with the apparent dire state of the world economy today, **many investors are asking "why should they invest in the stock market?"** Especially so, when you can still receive 5% on a term deposit, and one needn't put up with the day-to-day gyrations of the market.

The answer is that valuations of stocks are attractive and are therefore likely to give better returns than other investments.

The table below shows the earnings yield for the world's major stock markets. For more on what these earnings yields mean to a share investor, please read the second section of this article.

Stock Market Earnings Yields (excluding Financial Stocks[1])

REGION	EARNINGS YIELD	PRICE/EARNINGS
USA	6.4%	15.6x
Europe	8.4%	11.9x
Japan	7.8%	12.8x
Asia ex Japan	7.9%	12.7x

Source: Factset

By comparison with the last 20 years or so, these earnings yields are attractive. They were higher in 2008 when investor concerns were most elevated but are now similar to where the market has traded in past recessions such as in the early nineties or in Asia during the 1997-98 crisis. Going back further in history, the earnings yield offered by shares has been higher but this was associated with elevated levels of inflation and commensurately higher interest rates in general.

One might respond to this observation by pointing out that the general economic propsects have never looked this poor, and investors should be getting higher yields to compensate for the risk of owning shares today. We wouldn't argue strongly against that point of view. However, there is a complex interplay at work involving the emerging industrial nations and the way all governments respond to the new set of challenges. We prefer to move from the general to the particular and are able to identify specific opportunities at the individual company level. Our portfolios own many strong and growing businesses trading at earnings yields that are highly attractive. BMW trades on a current earnings yield of almost 14%, Microsoft over 10%, Samsung Electronics 10%, China Mobile 9%, and Royal Dutch Shell 12%, to name just a few. Each of these businesses will face challenges in the current economic environment but our assessment is that they are well-placed to grow their businesses over the next five years or so. In addition, we have made investments in companies that are suffering as a direct result of the current environment and are trading at distressed valuations that means we are buying them well-below replacement (or book) value. Included in this category would be some of our financial holdings such as Bank of America and Allianz Insurance. On any given company we will clearly make errors, but with a portfolio of companies on starting valuations such as these, it is difficult to see how they will not provide investors with good returns over the next three to five years.

Earnings Yields, Price-Earnings Multiples, and Returns from Owning Shares

It is worth taking a moment to consider the issue of valuation and investment returns. With some investments, the return is a fairly straightforward matter. For example, a bank term deposit offering 5% pa will return to the investor 5%, providing the deposit is held for the full period (and assuming the bank doesn't default!). A 10 year government bond yielding 3.75% will provide that return, again assuming the bond is held for the 10 year period.

However, when it comes to shares (and property for that matter) the story is quite different. Many investors tend to think in terms of dividend yields on shares (the part of the return many of us are more comfortable thinking about as it has a similarity to an interest rate) and potential 'capital gains' (or losses). The problem with this thinking is that it is disconnected from what one is actually buying when one invests in a share, which is a claim on the underlying profits of a company's business.

[1] We have chosen to omit the banking and financial sectors as they distort the figures. The financial sector trades at very low valuations relative to history so it is not the case that excluding them makes the numbers look better.

Consider the following simplistic example. A company has invested $50 million in the various assets of its business (plant and equipment, inventory etc) and in the current year will earn profits of $10 million. The business is growing at 10% pa so the company needs to invest an additional $5 million (i.e. 10% of the $50 million in assets) to support this growth and can distribute the remaining $5 million of the profits as dividends. There are 100 million shares on issue which are listed on the stock market and are currently trading at $1.20 giving the company a market value of $120 million.

The return from investing in this company can be looked at the following way:

Earnings yield = profits/market value = $10 million/$120 million = 8.3%.

i.e. our $1 invested in this company at the current share price is returning 8.3% in the form of our share of the underlying profits.

Usually this concept is expressed by stock market participants as the inverse i.e. the market value (or price) divided by the profits (or earnings) equals the price earnings multiple. P/E for short! In this case, the P/E of the company is:

Price/Earnings ratio (P/E) = market value/profits =
$120 million/$10 million = 12 (or as it would usually be expressed, 12 times).

Part of these earnings may then be paid out as a dividend (dividend yield):

Dividend yield = dividend/market value = $5 million/$120 million = 4.2%.

So in this example, the investor is receiving an initial earnings yield of 8.3%, of which 4.2% is received this year as a dividend.

However, as the business is growing, the earnings yield and the dividend can improve each year. Suppose the business continues to grow at a steady 10% pa rate, five years down the track the profits will be $16.1 million and the dividends $8.1 million. Based on the initial purchase price today, the earnings yield and dividend yield will be 13.4% and 6.8% respectively.

Of course stock prices will move with company's fortunes, so let's say that new investors in the shares are still satisfied by an initial earnings yield of 8.3%, the market value will now be 12 times earnings of $16.1 million ($193 million) or $1.93 for each share. So the investor will now have made a capital gain of almost 61% cumulatively over five years (which is actually equal to 10% pa, the company's growth rate) as well as receiving a dividend that has averaged a little over 5% pa (remember, it started initially at 4.2% and finished at 6.8%).

In this very simplistic example, the return to the investor is determined by the:

1. initial valuation,
2. subsequent performance of the business, and
3. valuation of the company at the end of the period.

Clearly the assessment of a company's future prospects is a very significant and challenging part of the day-to-day process of investing. Not only do general economic conditions play a part, but issues such as the behaviour of competitors, technological change, government regulation, and of course management decisions, all have a bearing on the future outcomes for a company. Also understanding the future valuation that a company will attract is no simple task as often this can change quite dramatically with changes in growth rates of earnings.

However, the significance of initial valuation, which is relatively easily observed, in total return should not be underplayed. A higher valuation at the time of investment, not only reduces the initial earnings and dividend yield the investor receives, it also reduces the margin of safety. The higher the starting valuation, the greater the risk that a downward 're-rating' (i.e. lower valuation) will overwhelm the company's growth in earnings. Since 2000, Microsoft's earnings have increased almost 250%, but its shares have fallen more than 50% as its P/E fell from over 60 times earnings at the start of the period to around 10 times earnings today!

Andrew Clifford

Deputy Chief Investment Officer

Platinum International Fund

Kerr Neilson Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
North America	30%	30%
Europe	26%	24%
Asia and Other	17%	17%
Japan	16%	18%
Australia	1%	1%
Cash	10%	10%
Shorts	20%	21%

Source: Platinum

MSCI World Index Regional Performance (AUD)

REGION	QUARTER	1 YEAR
India	-19%	-37%
Emerging Markets	-1%	-18%
China	2%	-18%
Germany	-1%	-18%
Asia ex Japan	-2%	-17%
France	-3%	-17%
Hong Kong	1%	-16%
Japan	-9%	-14%
Korea	0%	-12%
Europe	0%	-11%
Australia	2%	-11%
Developed Markets	2%	-6%
United Kingdom	3%	-3%
United States	6%	1%

Source: MSCI

Performance

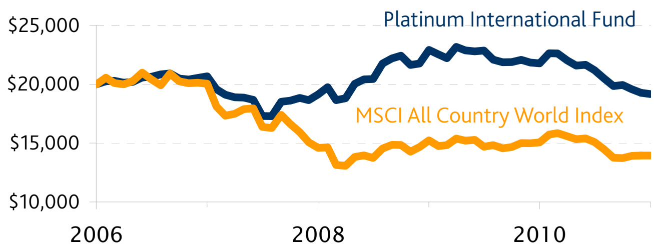
Vacillation was the preferred course of global politicians as problems mounted and stultified decisive action. The barrage of woeful economic news also took its toll on investor confidence. In the second half of the year, the expression of this fear was seen in the flight to cash and bonds. In the US, for example, this amounted to some $79 billion leaving the equity market, while bonds and cash received inflows of $103 billion.

Not that the concerns were shared equally. The US market was essentially flat for the year; Europe down by 11%; Asia by about 17% and the emerging markets of the BRICs (Brazil, Russia, India and China) were down by around 18%. When looking at global industries, we find defensives massively outperformed cyclicals. Industries such as healthcare and consumer staples (defensives) were up for the year, while materials and financials (cyclicals) were heavy losers.

For the year as a whole, the MSCI World Index fell by 7.4% and 7.6% for the past six months, and was up 1.6% for the quarter.

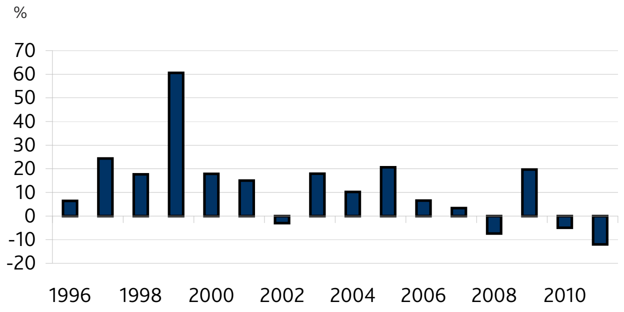
Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

Platinum Int'l Fund - Yearly Returns to 31 December



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

This has been the worst calendar year for performance in the Platinum International Fund's 16 year history.

This has raised questions as to "what has gone wrong?", particularly amongst investors who recall being protected in earlier bloodbaths, where for example in 2008, the Fund fell 'only' 7% when most other global funds were down by over 25%.

There are several components to our current poor performance. In essence it relates to our particular **investment style** of looking for aberrations/neglect.

Firstly, the **composition of the portfolio** is usually very different to that of the MSCI World Index. This was particularly important this year as the US market, comprising some 40% of the Index was relatively flat for the year, while the remainder, principally Europe, Japan and the emerging markets were variously down by 11% to 18%. See the accompanying table on page 6.

Secondly, when we compare the performance of our **long exposure to stocks** during previous periods of market weakness, it is evident that our long positions tend to behave as badly as the market as a whole. The net outcome, however, is considerably better on account of our short selling of certain stocks and/or indices. These tend to make a significant offsetting positive return in market wash-outs. This year, however, our shorts made only a 2% positive contribution. Our performance during the tech wreck of 2000 was aided by the unusually bifurcated market. We followed our normal course of avoiding the heat which was represented by tech stocks on astronomical valuations and clambered into the 'rest' which were cheap. We were then able to progressively short sell different components of tech which resulted in positive returns over varying periods when the Index correspondingly fell.

Thirdly, even though we have avoided exposure to resources and machinery shares, to reflect our concern about weaker demand and the coming of new supply, the **cyclical companies** that we added, have mostly performed poorly. In the past, our new holdings tended to follow a pattern of moving sideways after purchase and then gradually appreciated in the subsequent three years. This year it was very different. On account of risk aversion and the much shortened investor time horizons, because of uncertainty, these stocks have tended to sell-off further, from historically low valuations, to ultra-low valuations. We believe this is an **error of timing** rather than having bought poor companies. There will shortly follow an investment précis for each in the 'Commentary' section. Clearly not all of the top 12 new acquisitions, accounting for about 18% of the Fund, were poor performers, but the distinguishing feature among them was principally cyclicality. The lesson has been to retard one's purchases to ensure a greater margin for error being priced into the share. Please refer to the article titled 'Why Valuation Matters' on page 4.

Shorting

We have progressively shifted our shorts to individual companies rather than composites of industries. These companies tend to be extravagantly priced stocks involving favoured concepts like cloud computing or seemingly predictable growth. Netflix, Salesforce.com and Green Mountain Coffee Roasters are among our winners and there are others that await their Quarterly Reports to reveal whether we are on the right track. Importantly, these individual shorts are in markets across the globe.

The remaining aggregated shorts in the form of Exchange Traded Funds (ETFs) are US retail and US machinery stocks. The latter seems to be working and the former is proving hard work to date. Recall that 10% of US GDP is funded by government deficit.

Currency

We have been relatively inactive on currencies during the quarter. We added some Yen but reduced the Euro and Australian dollar. At year's end, we were long the US dollar (plus the Hong Kong dollar) 51%, other Asian currencies 16%, Euro 10% and Australian dollar 8%.

As a matter of interest, the Australian dollar is virtually unchanged from December 2010. The Euro is down from 134 to 130 to the US dollar, the Yen has risen about 5% from 81 to 77 to the US dollar, the British pound is off 1.2% against the US dollar, and the Renminbi has appreciated by 1.3% to 6.29.

Commentary

Let us now look at the 12 largest holdings we added to the portfolio in 2011, sequentially by invested funds.

Nexen Inc (1.9% holding as at 31 December 2011)

This purchase is predicated on a firm-to-rising oil price. When we wrote about it in June we emphasised the increasing oil and gas production profile, politically stable resource base and huge reserves. On the basis of proven and probable reserves, Nexen is one of the cheapest oil and gas producers we are aware of, being capitalised at $8 per barrel and half that if we include its huge tar sands resource! Subsequent to our entry, the British government introduced an additional levy on North Sea production and the hoped-for improvement in output from its Long Lake tar sands has been tardy.

We spent a day on site with the company in Alberta and believe they are gradually mastering the tar sands geology and the *sagd* (steam assisted gravity drainage) process. Some money has been lost to experience, but in the scheme of the company's resources, the cost lies more in the present value calculation than a huge squandering of our funds. Our calculations put the shares on a P/E of seven times in 2013, with a steady increase of output through to 2015 as the $8 billion invested to date in new projects progressively comes on stream; at Usan off the Nigerian coast, shale gas production in NE British Columbia (BC) and the ramp-up at Long Lake. The recent sale of part of its Horn River shale gas to PetroChina validates the value of this resource and highlights the prospect of exporting liquefied natural gas from BC.

By way of contrast, Royal Dutch Shell (a 2.2% position in the Fund) which has been one of the best major oil plays this year, sells on 10 times earnings. It, however, does not have the same growth profile or inherent valuation attraction, but benefits from being ahead of the other oil majors in its reserve accretion and capital spending cycle.

Deutsche Börse (1.6%)

This exchange company is a cheap, highly cash flow generative business, which with the likely merger with the New York Stock Exchange creates a highly entrenched franchise with modest growth prospects. There are issues that detract from growth in the short-term such as low interest rates, which affects both the revenue from the float on margin accounts, and lower trading volumes of interest rate derivatives. In addition, there is heightened regulatory noise in the form of financial transaction taxes and the opening to competitors of DB's derivatives trading and clearing platform. Given the 5% dividend yield and the share buybacks with the residual earnings, one is paying very little for this oligopoly.

Stillwater Mining Co (1.3%)

This company is predicated on the turning fortunes of palladium now that Soviet-era stockpiles are exhausted. Producing some 500,000 ounces a year from a huge deposit in Montana, with a 28 mile strike, grading 15 grams per tonne, this is truly a unique property. By 2015, a second operation will begin production in Ontario, Canada.

We see this company as providing a natural hedge against the likely further reductions in output from the South African platinum mines because of labour problems and a diminishing resource. These workings are now operating at depths approaching three kilometres meaning huge haulage distances and intolerably hot working faces. Alternative supplies will in time need to come from Zimbabwe and Russia.

The share has been a terrible performer after the company announced a takeover of a copper explorer in the Argentine Andes with some interesting gold possibilities. Though the argument goes that palladium is an industrial metal, structurally tighter supply should ensure a higher trend price. Moreover, rising production costs in the Bushveld complex, suggest that the platinum should resume its premium pricing to gold over time.

Foster Wheeler AG (1.3%) together with **Jacobs Engineering Group Inc** (1.3%)

These companies are seen as longer term plays on the essential need to bolster investment in the downstream petro-chemical refining chain. As we have highlighted before, levels of investment activity are at 60 year lows in the US and the needs of the developing world will ensure good workloads in the years ahead. Jacobs Engineering has a strong US focus and has been a moderately good performer while Foster Wheeler has been very weak. This is because of management's cautious approach to bidding for new work which has led to an absence of growth in its engineering and construction backlog. We are comfortable with the company's broad geographic reach, its very strong proprietary technology in coal gasification, refinery coking and circulating fluidised bed boilers. The cautious approach by management should payoff in time. Compared to its backlog and historic valuation, the company is very attractive.

Pepsico Inc (1.5%)

Pepsi is an interesting multi-national that is developing some radical ideas in healthy foods and dairy. It is unusually cheap versus its historic rival Coke and is performing well.

Marvell Technology Group (1.5%)

Marvell is performing relatively well as it attempts to develop a mobile chip set for the Chinese TD-SCDMA protocol and leads in the supply of solid state drive controllers that are at the heart of tablets and other mobile devices. This family-driven company has an enviable record of profitable growth and a history of succeeding in technology transformation having started in controllers, before diversifying into networking and Wi-fi chipsets. The share price will be driven by the company's success with its Trojan horse strategy in low-cost smartphone chipsets and the growth in solid state memory devices.

Guess? Inc (0.8%)

This clothing and accessories company has been very disappointing as an investment to provide stable growth. Ironically its North American business has done much better than we had expected, but its European and Asian expansions have been a drag on profitability. It is now priced for very modest success as it refreshes its offer in Europe along the lines adopted in the US. It is a highly profitable business earning over 30% on capital employed, with a strong growth record and rated at under 10 times 2011 earnings.

Bank of America Corp (1.8%)

We have cautiously added to this holding as it has progressively weakened and it has been one of our poorest performers. Currently capitalised at $54 billion, BAC is America's largest bank with 50 million customer accounts, deposits of $1 trillion, and leading positions in business banking, credit cards and financial planning via the old Merrill's business with its 18,000 advisors.

We are very conscious of the changed operating environment regarding capital ratios, litigation, pressure on fees and yet believe that it can generate a steady state pre-tax profit of at least $25 billion pa. There are huge cost-cutting initiatives being adopted and other costs will fall away when the foreclosure pipeline and documentation failures are finally settled (an army of 30,000 is temporarily employed on this task).

There remain risks regarding capital adequacy even though on paper the bank has set aside $50 billion for bad debts and legal claims, and has tangible equity of $130 billion. There is probably one more year of earnings losses to pay for earlier errors and then it is a matter of time for equity to rebuild.

The market is pricing BAC for further dilution of its equity base in an economy which is seeing recovering loan growth, still attractive loan spreads and evidence of job growth, driven by the private sector. Risks remain but the bank should add the equivalent of 30% of its market capitalisation to equity in 2012 and this should accelerate subsequently.

Gilead Sciences Inc (1.1%)

Gilead is a biopharmaceutical company that pioneered the single-tablet regimen for the treatment of HIV infection, dominating the field with market shares of 75% and above. Its position in virology has been cemented with the acquisition of Pharmasset for an admittedly high price. With the growth in the HIV franchise now slowing, the opportunity lies in the development of its Hepatitis C franchise. It is estimated that some 7.3 million people are infected with Hepatitis C in Europe, the US and Japan, yet only 130,000 patients are treated each year. The problem in some developing markets is more acute. The share price will be influenced by the launch of the Quad HIV tablet and progress with its now enlarged HCV franchise.

Amadeus IT Holding SA (1.1%)

Serving as a central clearing facility for regional and international air traffic bookings, Amadeus is *the* dominant platform. The internet has eroded some of the fee base of the global distribution system (GDS), as passengers go direct to carriers circumventing the central booking system. However, this has not been so for the more complex international and corporate travel bookings.

The real strength of this company stems from airlines outsourcing virtually all their IT functions (flight inventory, flight scheduling, ticketless travel, online sales function including frequent flyers points). This opportunity has come from the complexity introduced by the airline alliances, the move away from legacy in-house mainframes and the desire of the airlines to unbundle the sale of their services (i.e. the proliferation of ancillary services such as frequent flyer miles, baggage fees, meals etc). Growth will be driven by passenger numbers and Amadeus is particularly strong in the fast growing emerging market air routes. Selling at about nine times earnings with rapidly diminishing debt, the dividend is about to take-off.

TNT Express NV (1.5%)

TNT is the leading end-to-end express parcel operator in Europe (including central Europe and Russia) with 18% market share. TNT's parcel flow largely stems from business-to-business deliveries, while the increasingly interesting business of internet commerce (business to consumer deliveries) is still dominated by the traditional postal suppliers. As such, TNT's business is economically sensitive, yet volumes have grown by 7% pa over the last decade and remained highly profitable. Short-term negatives for the stock include losses caused by errors in Brazil where it has the largest express system, and development costs associated with the building of its Chinese express network. The drivers for the stock price are the likely improvement of losses in Brazil (via turnaround or divestment), the continuing growth and overhead absorption in China and the possibility of a takeover bid from either UPS or Fedex who are both still insignificant in Europe and know the extraordinary costs of building market share. There is concern about economic risk in Europe, but the company has little financial risk (i.e. it is debt free and is producing good profits).

Conclusion

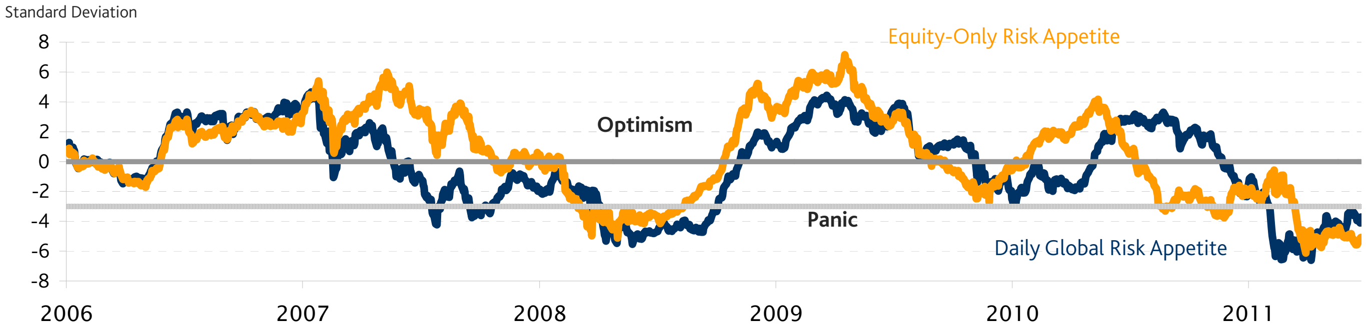
When one looks at this assemblage of companies, together with smaller purchases, some of which are cyclical and some defensive, we cannot identify any that have management, product, profitability or longer term growth issues. This traditionally has been a formula for making money.

We have written in the past of the serious problems facing most economies. Europe is the media's favourite today, but the wallpapering of the cracks in other economies is hardly encouraging. The US and the UK are relying on currency debasement to reignite activity while lower food costs are allowing the emerging countries to start improving the availability of affordable credit. To the surprise of some, this may not be an instant on-switch but at least they still have strong control of the levers for growth.

Companies that achieve earnings improvements will be most elusive but we believe the portfolio has its fair share of steady growers and others, like some of those described above, that have additional share price drivers.

The principal measures of investor sentiment indicate high degrees of fear generally associated with over-sold markets (see chart below).

Global Risk Appetite



Source: Credit Suisse

Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
North America	35%	33%
Japan	24%	26%
Europe	19%	18%
Asia and Other	19%	18%
Cash	3%	5%

Source: Platinum

Portfolio Position

Changes in the quarterly portfolio composition:

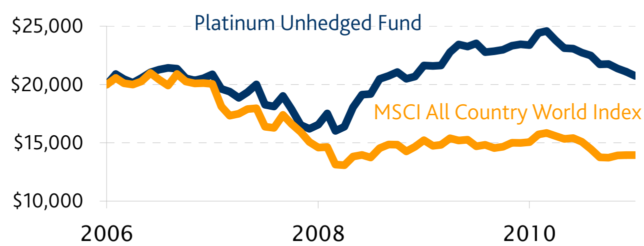
Sector Breakdown

SECTOR	DEC 2011	SEP 2011
Emerging Asia Consumption	16%	16%
Technology	16%	15%
Japanese Reflation	10%	10%
Energy	9%	6%
Western Consumer	9%	9%
Gold	8%	9%
Mobile Data	7%	7%
Healthcare	7%	7%
Western Financials	6%	6%
Capital Equipment	4%	5%
Materials	3%	4%
Other	2%	1%
Gross Long	97%	95%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 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 11.3%, underperforming the MSCI All Country World Index (A$) benchmark by 3.9%, and over the past quarter the Fund fell 4.7%, underperforming the benchmark by 6.3%.

Looking at the 12 month attribution, in a year when the best performing stocks tended to be those loosely described as growth or momentum stocks (a key factor in the US benchmark's outperformance over other regions), our portfolio was found wanting. That is, we had too much exposure to weaker cyclical names where we incorrectly assessed that valuations were already discounting a worse than reasonable outcome. Our best performers were found in the classically defensive part of the market, mobile telecommunications and healthcare. The worst offenders were our small-cap gold holdings, anything exposed to the solar industry (we should have heeded our own advice re China's negative impact on this industry), energy holdings and banks. The larger capitalisation names in this group of underperformers have tended to be more recent purchases. In terms of where we go from here, we would point readers to Kerr Neilson's Platinum International Fund commentary on pages 8-10 of this report where he has detailed the rationale behind some of our major recent purchases. Whilst there is not a complete overlap in the recent purchases of the Platinum International Fund and the Platinum Unhedged Fund, there is enough for this commentary to be a useful guide. In general, we remain committed to these holdings and whilst we regret buying too early, we see no reason to change our position.

Looking back over the past 12 months, we have discussed the following subjects:

- December 2010: the sources of the deflationary pulse that started in the early 1980s and whether these factors were still in place.
- March 2011: the nature of the Chinese credit boom concluding that Chinese growth was becoming too dependent on fixed capital investment at the expense of private sector consumption with negative implications for global 'rebalancing', hence, the current European sovereign crisis.
- September 2011: the list of global industries where China was adding significant new capacity and the implications for investment strategy.

Looking forward to the next 12 months, we suspect much of the market commentary will focus on:

- Interplay of the unfolding severity of the Chinese slow-down and propensity to ease policy. We suspect Chinese authorities are already behind the curve and envisage an emergency style relaxation of the property ownership restrictions.
- Festering US-Iran relations and the implications for global energy markets.
- Potential for loose European Central Bank and Federal Reserve monetary policy to wash-up in higher inflation rates and the implications for Western world interest rates and policy settings.
- The ability of the US Government (the world's single largest debtor) to sidestep sovereign credit issues and rising borrowing costs (with a credit event in the US municipal bond market a likely trigger).
- The sustainability of the nascent US housing market recovery.

Commentary and Outlook

When we communicate our investment approach, we have generally assuaged the application of attribute based labels i.e. growth, value, momentum etc; rather applying a combination of bottom-up industry and top-down macro research. This is aimed at indentifying mispriced opportunities, regardless of whether the mispricing is driven by greater than expected growth and/or a re-rating from a low valuation. This approach requires a capacity to identify where the current consensus thinking is wrong, the factors that will drive the market's reassessment of the stock (and timing thereof) and the intrinsic value of a company. This may be best described by way of example.

As has been previously communicated (and in some detail in the March 2011 Platinum Technology Fund Quarterly Report), we have made an investment in Advanced Micro Devices (AMD). Whilst AMD is not necessarily our current best idea, the company operates in a dynamic industry and, hence, represents a potentially more interesting example of our approach. As stated above, due diligence typically starts with understanding the major industry trends, in this case, the confluence of mobility and 'cloud' computing.

From a software development perspective, the cloud was envisioned long ago; a simple way to develop and deploy applications across multiple platforms and devices. The constraints were obvious: lack of protocol standardisation, internet speed, penetration and mobility. As these obstacles have been overcome, cloud computing has taken off.

The cloud affords software users many benefits including:

- Software rental with the latest version always on hand rather than large upfront licence payments.
- With the bulk of processing performed in the cloud, the need for a high performance desktop machine is reduced.
- Lower running costs in the form of energy, maintenance and redundancy.

Of course the savings of the user may come at the expense of the software provider as they provide more of the user's processing, memory, storage, maintenance, redundancy and energy requirements i.e. the data centre.

Data centres attempt to minimise costs by accessing cheap energy (or cold climates), land and labour, however, the real trick to minimising data centre costs is via virtualisation. To explain, virtualisation in its most common form involves partitioning a physical server into multiple virtual machines (VM). While each VM appears to have its own storage, memory, processor etc, this is no more than emulation; the reality is that a set of physical hardware is shared across all VM's. Idle capacity in one VM is available for use by any other VM. Ultimately virtualisation allows for the efficient allocation of computing power to where it is needed the most; and, for a given set of hardware/investment, higher capacity utilisation. Hence, for a cost conscious data centre operator the concept of virtualisation is attractive and cramming as many VM's onto physical hardware becomes the objective. To achieve this, a processor with a high level of concurrency (often loosely described in terms of cores, threads, parallelism etc) is requisite.

That brings us to AMD. After a decade of languishing fortunes and eroding share of the PC and server market (to Intel), the new range of server chips represent a complete re-design of the original processor; optimised for lower power consumption and demanding cloud operations. The new architecture, named Bulldozer, represents a rearrangement of chip components on the surface of the die to reflect what is important in a virtualised environment i.e. concurrency.

Now what are the other competitors up to? ARM Holdings, the UK based semiconductor designer remains the consensus long play on mobility and the cloud, as its small die-size, energy efficient, 'good enough' performance, low cost chips have powered the explosion in mobile devices (smartphones and tablets). ARM is also targeting Intel's dominance in the server space. In contrast, Intel has focused on improving the traditional chip design by way of process improvements. The soon to be released Ivy Bridge CPU boasts 22 nanometer architecture, almost two generations ahead of the competition[1], and represents a major improvement in Intel's die size, energy efficiency, performance and cost trade-off relative to ARM. In summary, whilst cloud computing/ virtualisation on the margin is driving the server market towards AMD's strengths (that is Intel to remain dominant, with some share loss to AMD) and reduces the relevance of Intel's traditional dominance (as the primacy of the desktop/laptop is eroded by mobile devices where ARM dominates), Intel is increasingly well-placed to take the fight to ARM in mobile devices.

Now let us talk valuation. Intel is not an expensive stock (P/E of 10 times) and whilst we don't own it, it offers some value, and history would suggest it will eventually prevail in mobile devices. ARM (P/E 55 times) is vastly overvalued given the threat Intel poses to its high market share in mobile devices and the difficulty its designs will face in the demanding server market. We have deemed that AMD (P/E 12 times, though a much lower multiple of sales than either ARM or Intel) is an interesting investment primarily because the company seems to have arrived at the right place with the right product (a server chip optimised for cloud computing).

[1] With regard to digital integrated circuits, process technology refers to the particular method used to make silicon chips. The driving force behind the manufacture of integrated circuits is miniaturisation, and process technology boils down to the size of the finished transistor and other components. The smaller the transistors, the more transistors in the same area, the faster they switch, the less energy they require and the cooler the chip runs (given equal numbers of transistors).

Platinum Asia Fund

Andrew Clifford Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
China (Listed Ex PRC)	17%	16%
China (Listed PRC)	6%	5%
Taiwan	5%	6%
Hong Kong	1%	1%
Greater China total	**29%**	**28%**
Korea	18%	18%
Thailand	14%	12%
India	7%	9%
Philippines	6%	5%
Singapore	6%	5%
Malaysia	5%	4%
Indonesia	2%	2%
Vietnam	1%	1%
Canada	1%	1%
Cash	11%	15%
Shorts	2%	4%

Source: Platinum

Performance

Performance (compound pa, to 31 December 2011)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	-7%	-20%	6%	2%	15%
MSCI AC Asia ex Jp Index	-2%	-17%	5%	-3%	8%

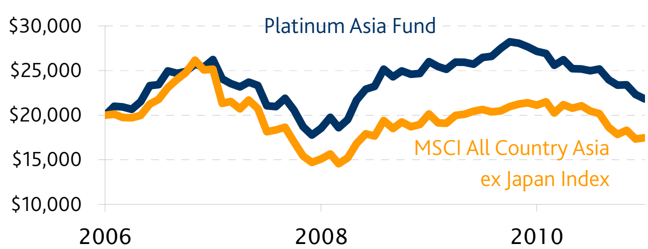
Source: Platinum and MSCI. Refer to Note 1, page 36.

Over the course of 2011, Asian stocks fell almost 15% led by falls in the key markets of China (A shares and H shares down 22%) and India (down 25%). The strength of the Australian dollar over the year reduced returns to Australian investors by a further 2% and over the quarter by more than 5%. Other regional markets performed somewhat better, in particular the SE Asian markets of Thailand, Malaysia, Indonesia and the Philippines, which were flat to slightly positive for the year.

Over the last five years since the end of 2006, Chinese A shares have fallen 18%, Hong Kong H shares are flat and the Indian market has returned just over 12%. These poor stock market returns have come in spite of these economies strong growth over that period.

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

In addition to the concerns surrounding indebtedness of the developed economies, the ongoing tightening of monetary policy in both China and India has weighed on their stock markets over the last 12 months. Both these economies are now slowing and as such there is some uncertainty about the year ahead. However, it is likely that monetary policy will reverse course in China and India, and together with attractive valuations of stocks, we would expect a better year.

The Fund's performance has lagged that of the market in the past year, in particular during the last quarter. The poor performance can primarily be attributed to Fund's holdings in Chinese and Indian shares which have experienced significant declines. We still, however, expect these investments to ultimately perform well for the Fund, particularly from current prices. Please refer to the article titled 'Why Valuation Matters' on page 4.

Changes to the Portfolio

During the most recent period, the Fund's net invested position has moved from 81% at the end of September to 87%. The Fund has taken advantage of lower stock prices across the region to add to a range of the Fund's existing holdings, as well as adding a small number of new names. In addition, short positions in individual stocks have also been further reduced.

New names in the portfolio include Hyundai Department Store, a Korean department store operator. Korean department stores have been through a long period of consolidation which is now resulting in improving profitability and an opportunity to expand floor space to take advantage of growing Korean consumption. Similarly, the Fund also added to Lotte Shopping, another Korean retailer. China Zhengtong is a strong operator of luxury car dealerships across China representing a range of automakers including BMW and Audi. The company is benefitting from the desire of the luxury car companies to expand their distribution in China. China Telecom, having re-entered the portfolio, has fast growing businesses in its 3G mobile phone operation as well as its broadband services.

The Fund also added to existing positions in China Life (life insurance), our Chinese internet plays Sina (its Weibo service is the Twitter of China) and Youku (an internet TV service), as well as IDFC (an Indian finance company specialising in infrastructure funding) and PLDT (Philippines telecom operator).

Commentary

Signs that China's economy is continuing to slow emerged throughout the quarter. Various indicators such as purchasing managers surveys, construction equipment and auto sales, and sales of new residential apartments all point to an economy that is losing steam. Exports are showing clear signs of being impacted by the slowdown in Europe and the US, and only grew 13.8% year-on-year in November, the lowest since December 2009. Most importantly though, is the slowdown in the use of credit, with estimates of all credit extended (i.e. bank loans and estimates of those extended outside the banking system) pointing toward lending growth falling below 10%, the lowest level since 2008.

The slowdown that is occurring is the natural consequence of the various policies put in place by the People's Bank of China (PBOC), such as increased reserve requirements for banks (to restrict loan growth) and various measures to restrain lending to the property sector. The goal of this engineered slowdown was to reduce inflationary pressures in both goods and services, and property. On this front there are good signs with food price inflation already retreating from its highs. The most recent CPI reading had prices rising 4.2%, down from a peak of 6.5%, with expectations that this will readily retreat to around 4% in the early part of 2012. Property prices have also been easing off.

The question now is how significant the slowdown becomes and when will policymakers act to take the brakes off the economy? However, as noted in our last Quarterly Report, the measure of the investment boom in China, whether by level of residential construction, the consumption of cement or steel, or uptake of debt, has been by any comparison an extraordinary expansion. The pattern in history after such rapid growth is usually for a fairly sharp setback before a growth path can be re-established. Unlike the developed world today where indebtedness of governments and the private sector are limiting factors in responding to economic weakness, this is not the case in China. Our suspicion is that removal of lending restrictions and cuts in interest rates will result in a reasonably rapid response by companies and individuals to invest. In particular, the oversupply of residential property that would likely be cleared if potential buyers were granted access to credit.

The PBOC has made one small reduction to the banking system reserve requirements which occurred as part of a co-ordinated response by global central banks to liquidity concerns in Europe. Otherwise, for the moment, there are no clear signs that the Chinese authorities are about to act, though public comments of various leaders acknowledge the slowdown is occurring. Our sense is that China's leaders have relatively little appetite for a significant reduction in growth, especially if employment is impacted. Thus we would expect that any further deterioration in growth, especially if accompanied by falling inflationary pressures, will result in an easing of monetary policy and new spending initiatives by the central government. We therefore suspect that post-China's investment boom, the landing may not be so hard, at least this time around.

India has also been facing rising inflationary pressures over the last two years, and although this has been in part driven by food prices, there has been a significant rise in other prices. In part, this can be attributed to various government policies such as the National Rural Employment Guarantee Act that guarantees every rural household a minimum of 100 days of paid labour at the rate of 130 Rupees ($2.50) a day (up from 100 Rupees in 2010) which has had the effect of increasing wage rates for unskilled labour across the country. Measures put in place to waive loan repayments for farmers during 2008 ignited a subsequent credit boom in the agricultural sector as banks and borrowers saw the government as underwriting their position. Recently, the government proposed the National Food Security Bill, which if enacted, will increase food subsidies to the rural sector by $7 billion and would push the fiscal deficit up from 5.6% to 6% of GDP.

As a result, the Reserve Bank of India (RBI) has had to pursue much higher interest rates than would have otherwise been likely in order to get inflation under control. Since the start of 2010, the RBI has steadily increased its repo (interest) rate from 5% in early 2010 to 8.5% at the end of 2011. Typically, Indian companies today are paying 13% or more on their borrowings. In addition to high rates, the various corruption scandals around the 2010 Commonwealth Games and mobile telephone licensing has frozen government decisions on all levels as the courts and the public push for greater transparency in government. Ultimately, any improvements in this area will be of long-term benefit to the country, but in the short-term, little is happening in critical areas such as infrastructure development or reforms of the taxation system.

Not surprisingly all this has brought growth to a grinding halt with the October industrial production figures showing a fall of 5% from the 2010 level, and along with this slowdown, the first signs of inflationary pressures easing. At the RBI's last meeting, it was signalled that they were looking for opportunities to relax monetary policy and as such we would expect to see reductions in interest rates and banking reserve requirements in the early months of 2012.

Outlook

Over the course of 2012, our expectations would be that in the key economies of China and India, policymakers will be starting to take the brakes off as inflation starts to recede. It is likely that the process will start slowly. In China, the massive response of government spending and credit expansion to the 2008 slowdown that sowed the seeds of today's inflation, will probably temper policymakers initial response. In India, the risk is that government fiscal policy further exacerbates inflation and restricts the RBI's ability to reduce rates. During this period there are likely to be concerns about just how severe the slowdown in each economy may become.

However, the stock markets in both these economies have already suffered significant falls with Chinese A shares and H shares down 37% and 28% from their post-2008 highs, and the Indian market down 24%. Indeed these strongly growing economies have seen their stock markets make little progress over the last five years (China's markets are flat to negative, and the Indian market is up around 12%). The result is that the valuation of many of the stocks in these markets, and certainly the ones held by the Fund, are very attractive given our assessment of their prospects over the next five years. We expect that the easing of monetary policy over the course of 2012 will be a catalyst for better returns from these key regional markets in the year ahead.

Platinum European Fund

Clay Smolinski Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
Germany	48%	46%
France	16%	17%
UK	12%	12%
Netherlands	5%	2%
Italy	4%	4%
Spain	2%	2%
US	2%	2%
Sweden	1%	2%
Finland	1%	1%
Belgium	1%	1%
Switzerland	1%	1%
Cash	7%	10%
Shorts	9%	6%

Source: Platinum

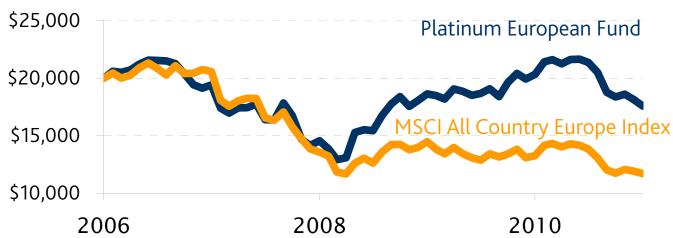
Performance

European stock markets made a tempered recovery from their October lows, with the various indices, German DAX (+10%), UK FTSE (+8%) and French CAC (+7%) all rising over the quarter (in local currency). Investors continued to shun the periphery with the Italian MIB and Spanish IBEX indices failing to participate in the rebound. The Australian dollar appreciated 10% and 6% against the Euro and British pound over the period, so when expressed in A$, the MSCI All Country Europe Index returned -0.3% versus -4.3% for the European Fund.

For the 2011 year as a whole, European markets were down across the board. Unsurprisingly given the sovereign crisis, the Italian market suffered the largest fall -27%, followed by the French -20%, German -15%, Spanish -14% and UK -8%. The broad nature of the sell-off meant few industries were spared, however, the 'defensives' faired best with the clear standout being the ironic pairing of Healthcare (Merck KGaA +26%, Fresenius +20%, GlaxoSmithKline +17%) and Tobacco (Swedish Match +26%, British American +22%). The worst hit sectors were the financials (Commerzbank -70%, Unicredit -54%) and non-energy commodities (Xstrata -35%, Rio Tinto -30%).

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

In what is a disappointing outcome, despite the Fund's minimal direct exposure to the key areas of weakness (financials, commodities and the periphery), the performance for the year was little different from the Index, with the European Fund returning -13.6% versus the MSCI Europe Index down -11.8%.

Commentary

The 50% share price fall of express parcel logistics player **TNT Express** after its separation from the Dutch national post operator was the trigger for us to revisit the company, and we have subsequently taken close to a 3% position in the stock over the quarter.

Express logistics has been an interesting growth industry as globalisation and technology improvements drove changes to traditional supply chains. The geographical shift of higher value manufacturing to low cost countries and the continued adoption of 'just in time' supply chain practices (i.e. keeping less finished product in stock and instead relying on rapid delivery direct from the manufacturer), played into the hands of the express parcel players who could provide a cross-border express delivery product.

While TNT is the smallest of the four global express players (behind UPS, FedEx and DHL), its strength resides in its pan-European express network where TNT holds the leading market share (18%) and can deliver to more locations, more profitably, than any other player. The other defining aspect of TNT's business is that its delivery network is more heavily weighted to ground (truck based) delivery rather than air. Long-term, this is a benefit as the quintupling of the oil price over the last ten years has inflated the cost of air express and at the margin shipment volumes continue to move to slightly slower, but considerably cheaper ground alternatives.

So why has the market halved the price of TNT? The worry of cyclicality is certainly one reason; shipping demand is always broadly linked to economic activity and investors fear the worst for Europe. The other issue stems from TNT's strategy to further expand internationally. In the early 2000s, the larger players like FedEx and DHL were building out air express networks in Asia, largely serving the import/export market (i.e. packages going from China into the US or Europe). TNT wanting to participate in this growth, but without the financial muscle to spend billions taking on the big boys in the air, concentrated on serving the local market of these emerging economies (i.e. delivering packages within China). TNT's two countries of focus have been China and Brazil, and while the company has had reasonable success in cultivating their ground network in China, the same cannot be said of the Brazilian operations. The recent failed integration of Aracatuba (a second Brazilian network the company acquired in 2009) saw on-time delivery levels collapse, customers flee and TNT Brazil fall into heavily losses (€120 million pa).

Given these issues, why do we think TNT is an interesting investment? Starting with valuation, from whatever angle we view it, TNT is trading very cheaply. The Fund was able to acquire the bulk of its position at a price that valued the entire business at €2.6 billion, a price to book of 0.8 times (TNT has almost no financial debt). TNT's European network alone made a €600 million pre-tax profit in 2006 and 2007 and is currently making €400 million, hence we are paying four times peak or seven times current profit for the European network, attributing no value to the positions in Australia and China.

Another way to think about the value of the business is from the perspective of an industrial buyer. Express logistics is a 'network density business', namely profitability is reliant on whether your trucks/planes are full on their pickup, line-haul, and final delivery routes. This creates a high hurdle for new competitors to enter the market, you need to offer a comparable service to the established player (speed, destinations served, price) to win business, but without volume on your network you will be at a massive cost disadvantage. The case example of this was DHL's ill fated attempt to build an express network in the US competing against UPS and FedEx. From entry in 2003 till exit in 2009, DHL cumulatively lost close to $9 billion before giving up. It would be *very difficult* to replicate TNT's European network for €2.6 billion and it's not unlikely that a large competitor, with borrowing costs at record lows, may see TNT as an opportunity to buy rather than build.

On the aspect of timing, there are a couple of catalysts that could see a higher price over the next twelve months. Firstly, the newly independent management has made it clear that a resolution to the losses in Brazil will be visible by year end, either the business will be well on its way to break even or solutions like a partnership or sale will be set in motion.

Progress will be closely watched by the Dutch Post (PostNL) who holds a 30% stake in TNT which they need to monetise over the next 18 months to pay down debt. No doubt they will remain in discussions with potential suitors with an eye to maximising the value of their stake.

Finally, how to think about cyclicality? All businesses carry some cyclicality and accurately predicting the effects of an economic downturn on profits is as much art as it is science. The best defence an investor has is when the fears of a cyclical downturn are more than compensated by a low valuation. The trick is to ensure that what you think is a cyclical downturn is not a lasting fundamental change to the economics of the business (think newspapers in the internet age), where the past history of profits will actually mislead you. We feel the cyclical risk in TNT's business is more than reflected in the price, while the ultimate business risk is low. Express logistics is still a growth industry aided by the tailwind of globalisation and TNT's lack of debt will allow it to weather any short-term fall in profits.

Please refer to the article titled 'Why Valuation Matters' on page 4.

Outlook

Readers will know that a quick perusal of any weekend financial press will leave one still confronted with a number of negative headlines surrounding Europe. This position is echoed by the investment community; investors are very pessimistic about the economic outlook – all analysis of the future is being coloured by a focus on 'how things can get worse'. At times like these it is worth remembering that the real economy is always less volatile than the stock market implies, and there are always areas of growth and activity underneath the surface.

A good example is housing, while headlines across the continent opine of lower mortgage growth and falling prices, activity is quietly building in Germany. The German operations of Hornbach (the Bunnings of Germany in the DIY sector) are reporting the strongest sales growth they have seen for 17 years, as access to record low interest rates is fuelling German interest in upgrading their homes. Similarly, the press around the weak sales of the UK traditional high street retailers (echoed by the likes of David Jones and Myer on our shores) would leave most with the feeling that the consumer is in very bad shape. However, as evidence that activity may be stronger than it seems, we would point to the fact that Yodel (the UK's second largest home parcel delivery network), on the back of a boom in online shopping, has seen parcel volumes running 20% higher than their most optimistic projections.

The breadth of the market sell-off has recalibrated relative valuations across industry sectors and we are taking this opportunity to concentrate our holdings into companies that have better growth prospects over the next couple of years. The widespread pessimism has led to attractive valuations across the board, with large swathes of the portfolio now looking very cheap. In light of this, the Fund remains fairly fully invested, with an 84% net position (93% gross, with 9% short).

Platinum Japan Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
Japan	90%	87%
Korea	3%	3%
Cash	7%	10%
Shorts	14%	14%

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

Source: Platinum

Portfolio Position

Changes in the quarterly long portfolio composition:

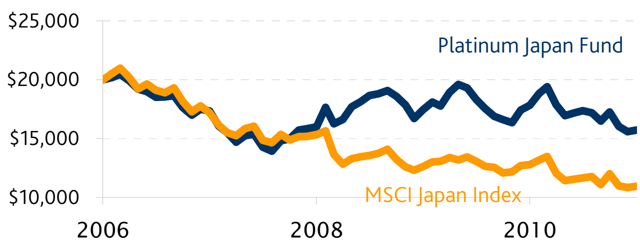
Sector Breakdown

SECTOR	DEC 2011	SEP 2011
DOMESTIC	51%	49%
Retail and Services	19%	19%
Telco, IT and Internet	13%	12%
Financials	12%	11%
Real Estate and Construction	7%	7%
EXPORT	42%	41%
Tech/Capital Equipment	17%	15%
Autos and Machinery	13%	11%
Commodities	8%	10%
Alternative Energy	4%	5%
Gross Long	93%	90%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

Performance

Over the past 12 months, the Fund fell 11.8% outperforming the MSCI Japan Index (A$) benchmark by 2.5%, and over the past quarter the Fund fell 8.9%, in line with the benchmark. For the quarter, the benchmark fell 8.9% in A$ terms and 4% in Yen terms.

Looking a little more closely at attribution, our best performers were our domestic stock exposures, especially retail and telecoms, not surprising given the defensive nature of their earnings. Our commodities and autos exposure detracted from Fund performance on global economic slowdown concerns.

Changes to the Portfolio

We made relatively minor adjustments to existing positions as choppy markets provided selective opportunities.

Long positions

The composition of our long portfolio remains broadly unchanged from the previous quarter. We have moved to lower our exposure to selected commodity and chemical names and increased exposure to financials slightly.

As highlighted in the last Quarterly Report, we have acted upon a more constructive view on the Japanese banks by raising our weighting in Sumitomo Mitsui Financial Group. We believe the acquisition of consumer lender, Promise, is another sensible move and is clearly accretive to earnings. Additionally, with large European banks steadily withdrawing from lending in Asian markets, Japanese banks are selectively moving in to fill this gap which will further benefit margins.

We also added to our holding in Mitsubishi Electric, where we expect durable earnings growth even with economic uncertainty. The company stands to benefit as product energy efficiency becomes an increasingly important competitive edge. Industrial and consumer products such as locomotives, elevators and air conditioners that use inverters and IGBT modules[1] provide significantly greater energy cost savings than in prior generations. As with other developed economies, Japan is likely to see upgrades to its ageing electricity grid infrastructure augmenting this broader industrial shift towards efficiency.

Short positions

We remain short names where we think the market overvalues corporate prospects and disappointment is likely. We have initiated new shorts in retail, internet gaming and the steel sector.

Currency

The Yen has come off its highs earlier this quarter versus most major currencies. Our Yen exposure has dropped slightly to 39% as we remain of the view that the currency remains fundamentally overvalued. Clearly, the Japanese Ministry of Finance (MOF) is of the same view, having intervened to stem the inexorable appreciation of the currency. More recently, the MOF expanded its currency intervention war chest by ¥30 trillion ($380 billion), which whilst capping further immediate rises, does not represent a proactive effort to weaken the currency.

Commentary and Outlook

The Olympus accounting scandal has dominated Japanese corporate headlines. To recap events briefly, Olympus unceremoniously dumped after only a few months in the position their newly appointed CEO, Michael Woodford, who as his name suggests, happens to be a foreigner. The claim was he was abrasive and did not follow Japanese business cultural norms. As it turns out, Woodford had questioned a series of overpriced or dubious acquisitions over several years and was asking some uncomfortable questions of senior Olympus management. We understand that Woodford became concerned after being made aware of an article published in July by a small, non-mainstream Japanese magazine called *Facta*, which questioned the high fees paid by Olympus for a series of acquisitions. As we now know, *Facta*/Woodford uncovered a complicated scheme to cover up old 'Zaitech' or financial engineering losses incurred 20 years ago. Equity linked investment products were widely used in

[1] The insulated gate bipolar transistor or IGBT is a three-terminal power semiconductor device primarily used as an electronic switch and in newer devices is noted for combining high efficiency and fast switching.

corporate Japan in the late 1980s stock market bubble as a way for many companies to offset the negative earnings impact of a rising Yen. The collapse of the bubble saw these investments turn into large losses, but most had been resolved over 10 years ago.

We were not holders of Olympus when this scandal surfaced, as we had assessed the market was overpaying for its endoscope business and a simple analysis of the financial accounts suggested something amiss (a growing level of intangible assets and poor cash generation). We had previously shorted the stock on this basis.

As the nature of the revelations came to light, the stock price collapsed by close to 80% as delisting became a real possibility. The stock fell below our very conservative target of what the business may be worth in the hands of competent management only to rebound strongly. We remain interested as the saga is yet to fully play-out and, however unlikely it is, we would view the reinstatement of ex-CEO Woodford in positive manner.

The episode highlights the counter-productive nature of certain Japanese cultural biases as reflected in business practices. The current Anglo-Saxon view of capitalism promotes the idea that the enterprise has the primary purpose (though by no means sole purpose) of maximising profit for the owners of the business, the shareholders. It is a relatively straightforward concept and we cautiously share this view. The orthodox Japanese view of the enterprise is that it exists to serve its stakeholders; namely employees, customers, suppliers, creditors and shareholders – mostly in that order.

From outside Japan, the cover-up by Olympus management is universally seen as corporate malfeasance, a failure of corporate governance and destruction of shareholder value.

However, for some inside Japan, particularly those from the establishment, such actions are seen in a less harsh light. By covering up losses, management prevented a systemically important company from potentially being broken up, jeopardising the livelihood of thousands of employees, suppliers and creating confusion for Olympus customers.

These fundamental cultural differences are difficult to bridge, yet it would also be wrong to assume that Japan (or the West) is homogenous, or that such views are unchanging. After all, the uncovering of the Olympus scandal was triggered from within Japan (by *Facta*, even if it took a foreigner to bring it to a head). Further, there are Japanese companies that understand that capital is ultimately scarce, mobile and will seek-out higher returns (just as there are Western management teams that exploit profit maximisation for short-term personal gain). Across all our Funds we seek stocks with a management track record of allocating capital with the respect it deserves and a view to generate long-term shareholder returns, at a share price that fails to fully reflect this long-term value.

More generally on the outlook, real GDP in Japan should rebound to 2.5% growth in 2012, possibly the highest in the G7. This is driven by stronger domestic demand as the economic stimulus effects of post-Tohoku earthquake reconstruction more than offset the expected drag from a slowing export sector. Further, the raising of the consumption tax appears to be gaining traction politically and, as with the previous tax hike in 1997, is likely to see a front-loading of demand prior to its expected introduction in 2013. As the outlook becomes more clouded for the export sector, the relative earnings momentum from domestic sectors is likely to provide a better environment for picking stocks on a tactical basis.

Platinum International Brands Fund

Simon Trevett Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
Europe	32%	31%
Asia and Other	24%	26%
North America	9%	8%
Japan	6%	6%
Latin America	5%	5%
Cash	24%	24%
Shorts	6%	4%

Source: Platinum

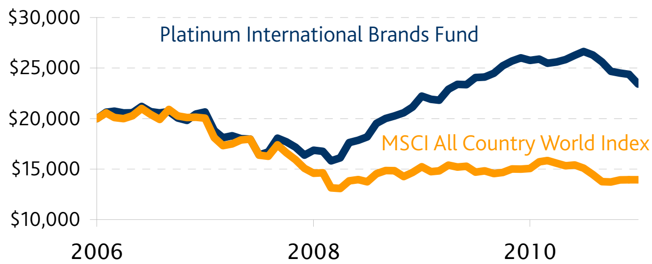
Performance and Changes to the Portfolio

The Brands Fund declined by 5.1% in the quarter compared to a rise of 1.6% in the MSCI World Index, most of this underperformance occurring in the last month.

On a 12 month basis the Fund declined by 9.1% which has not differentiated it from the falls in MSCI World Index, down 7.4%. Whilst the quarterly and annual performance of the Fund is disappointing, there remains a higher degree of conviction in the Fund's investments than may be apparent from these short-term figures. Two stocks were notable contributors to the underperformance in the last month; United Spirits and China Mengniu Dairy with the Fund adding to both at the lower prices.

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

The range of outcomes in the quarter for the Fund's investments continues to be reflective of the volatile markets with individual gains and losses in the order of 30%. Estée Lauder was up nearly 30% on the quarter whereas several of the Fund's Indian investments were down in excess of 30%.

In Europe, the performance of the Fund's larger investments was better than might have been expected given the woeful and sensational headlines surrounding Europe's financial demise. Pernod Ricard up 15%, Henkel up 10% and despite a slew of negative press reports, BMW ended the quarter about in-line. BMW's in-line performance belies a much wider trading range as the stock responded to negative media mostly to do with slowing luxury vehicle sales and rising discounts in China.

The Fund has been taking the opportunity to add to those investments where the price moves appear to be exaggerated by extraneous or transitory factors. The relatively high cash position has provided some buffer to the volatility, however, perhaps more importantly, it allows the Fund to be selectively opportunistic and accumulate the holdings over periods of market weakness without the need to sell other investments. Several of the Fund's European holdings were increased including Italian listed investments Piaggio and Tods. Following on from the successful reintroduction of the Vespa to Vietnam, Piaggio are now looking to expand to the Indonesian and Indian scooter markets.

Commentary

As with the example of BMW, there remains the contradiction that companies continue to report strong activity whilst the forward looking financial markets prefer to discount a severe slowdown or in many cases, a period of no growth or even contraction. Over the holiday break, BMW, along with the other German manufacturers, reduced their factory shutdowns to one week to meet ongoing demand and manage around their 110% factory utilisation.

The latest data on Swiss watch exports for November to Hong Kong showed year-on-year growth of 37% compared to 18% in October, 45% in September and 18% in August. The numbers for export directly to China were stronger with November at 57% and October at 67%. Similarly, the Scotch and Cognac industries are also reporting that 2011 looks like it will have been a record sales year. So much so that the pressure on aged inventory and potential shortages is leading to significant price increases aimed at dampening demand. Price increases of 20% for the luxury Cognacs have provided some welcome relief on the growth by volume while supporting profitability.

The boom in luxury good sales to China will, by definition, have to slow from the stellar growth rates. Nonetheless, many companies will continue to find the enormity of the opportunity compelling with potentially 10-15% growth enviable compared with their Western markets. The question for investors is what price to pay for companies with access to this growth or to what extent are the companies merely offsetting the declines in their mature markets at greater risk and for no net gain for the shareholder? Clearly, in many cases the management teams are acting rationally, however, it is not always clear that as investors we need to participate while they reposition their companies.

Russia, once the hot topic of conversation, now barely rates more than a mention by the companies or investors. Oil price, politics and the severe decline of the Rouble at the end of 2008 have dampened investor enthusiasm. We recently asked some of our European companies about their experience with consumers in Russia and received surprisingly enthusiastic comments. The March presidential election remains a concern, notwithstanding some pre-election handouts. Consumer spending continues to be relatively strong with household expenditure reportedly stronger even than the robust GDP growth. Relatively low levels of consumer debt and rising incomes are attractive dynamics for many branded consumer companies.

Adidas reported nine month sales in Russia up 23% and continuing enthusiasm to expand their retail presence. Pernod Ricard and Oriflame, both of which have had a challenging time in Russia, enthusiastically discuss the growth and potential for their Russian business. In the case of Adidas, they are also enthusiastic about the recoveries in both their US and China businesses and point to a busy year in Europe with major sporting events.

India has fallen from investor's radar with good reason in many cases. Many of the Fund's investments in India have lost significant value this year and are now at prices where the Fund is again buying. India's per capita income is rising and with a young population, the more recognised listed consumer companies have mostly reflected this in their valuations. The Fund has been adding to a local jewellery company; the sheer number of potential weddings along with demand for gold jewellery, make this an interesting option at a price of only two times earnings along with a dividend. India will likely remain a difficult investment market in 2012 with significant challenges ahead for the economy, yet despite these concerns may still provide the Fund with some attractively priced companies.

Outlook

It would be unrealistic to expect China alone to support the ongoing growth of industries from spirits to fashion accessories to luxury cars, although given the macro economic focus of many media commentators one could be forgiven for concluding that the world's prospects for *any* growth in the near term is almost entirely dependent on China, particularly the Chinese consumer.

So whilst the headlines and the markets reflect on the dire predicament of the global economy there remain pockets of opportunity, some less visible than others, but nonetheless available at reasonable prices to the Fund. The expectations of outsized growth, more recently driven by the Chinese consumer enjoying the excesses of conspicuous consumption and previously by the credit addicted Western consumer, may, however, need to be somewhat recalibrated.

The Fund is finding opportunities, notably in Europe, albeit the dampening overlay of declining markets and at times somewhat indiscriminate volatility has ensured a rather cautious approach by the Fund to applying cash to new investments.

Platinum International Health Care Fund

Bianca Ogden Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
North America	33%	40%
Europe	31%	30%
Japan	4%	4%
South America	1%	1%
Asia	1%	1%
Cash	30%	24%
Shorts	3%	3%

Source: Platinum

Performance and Changes to the Portfolio

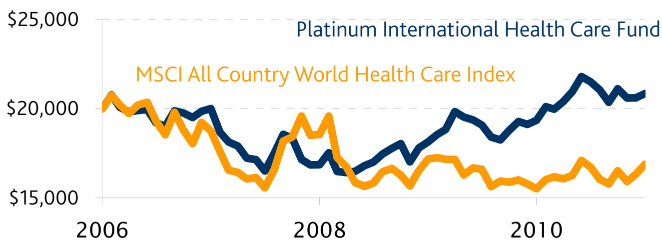
The Platinum International Health Care Fund advanced 7.8% for the year, while the MSCI Health Care Index rose 8.9%. For the quarter, the Fund declined by 1.2%, while the Index rose 2.2%.

You may recall our Quarterly Report for December 2010 describing the evolving Hepatitis C landscape. Over the past 12 months, events unfolded rapidly adding to the performance of the Fund.

Vertex and Merck received approval of their respective first direct acting anti-HCV drugs (so-called protease inhibitors). Whilst a significant event, we felt that the Vertex valuation failed to account for the limited timeframe of its drug Incivek; superior drugs are moving rapidly through development and should be approved in the next 2-3 years. Furthermore, administration of Incivek is not simple and this limits the number of patients a doctor can treat each week. Our analysis proved to be right, and our short position did well for us.

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

At the same time, our investment in a second class of anti-HCV drugs, so-called nucleotide inhibitors, did exceptionally well. We invested in Pharmasset in October 2010, a US biotech with a solid knowledge and pipeline of this drug class. This class has the potential to eliminate the virus faster and potentially eliminate the current standard of care regime of Interferon and Ribavirin. Throughout the year Pharmasset generated data that continued to confirm such a profile and this quarter the company was acquired by Gilead Sciences for about $11 billion (we bought Pharmasset at a market value below $1 billion). Gilead could have bought Pharmasset at a cheaper price but we doubt that the company was for sale.

We continue to hold Gilead Sciences as we believe in the sustainability of their HIV franchise and also believe that the Pharmasset asset in Gilead's hands will pay off over the long-term.

This quarter we added to our Medivir holding (HCV protease inhibitor). Medivir has been one of the worst performers this year. The market has been very biased seeing nucleotide inhibitors dominating HCV therapy, dismissing next generation protease inhibitors almost entirely. We disagree; Medivir's drug is currently tested in combination with Pharmasset's drug and we believe protease inhibitors, particularly Medivir's drug, will have an important place in HCV treatment, shortening the length of treatment.

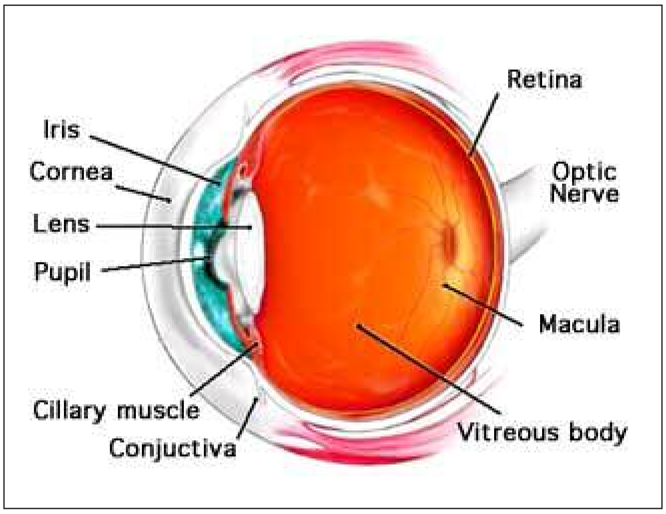
Biotech Ariad was also a bright spot this year. The company's blood cancer drug is very powerful and Ariad has ambitious plans to sell the drug by itself in the US (upon approval). With the recent $200 million equity raising, Ariad is well-financed to achieve this goal.

The performance of Sanofi and Roche also made a difference. Investors are getting more comfortable with the long-term profile of these companies.

Our diagnostic holdings Qiagen and Alere both struggled with lower diagnostic test volumes. However, it is clear that better diagnostics will result in lower healthcare costs. Both, Qiagen and Alere are adding new tests/technologies to their menus; the benefits from these transactions will emerge over time. We added to both holdings during the quarter.

Commentary

The eye is a fascinating complex of nerves, photoreceptor cells, a gel and a lens (see schematic picture below).



Source: www.eyerobics.com.au

While cancer is an area of intense research and development, eye disease along with diagnostic tools, is less widespread and often only a small number of companies have been successful.

In recent years, optical coherence tomography (OCT) has gained strong acceptance as a diagnostic tool. OCT is non-invasive and provides an 'optical biopsy' or tomogram of the retina allowing early diagnosis of a number of diseases of this very crucial part of the eye.

The retina is like a film in a camera. Its light-sensitive tissue captures the light that will subsequently result in nerve impulses. Any problems of the retina can affect vision and thus are important to treat early. Retinal diseases are on the rise and we have been interested in this area for some time.

This year we added Belgian biotech ThromboGenics to the portfolio. ThromboGenics is developing a biological drug called ocriplasmin. Ocriplasmin is able to cleave the connection between the retina and the vitreous (the eye gel). As we get older, the vitreous starts to detach from the retina. However, this detachment process can often be incomplete and the vitreous body starts to tear on the retina/macula causing problems with vision and in some cases blindness (Vitreomacular Adhesion, VMA). Currently doctors either take a wait-and-see approach to the early stages of this condition but once advanced, surgery is required.

ThromboGenics' ocriplasmin represents a pharmacological option and has been successful particularly in advanced stages of the disease. Further trials are ongoing to develop the drug for additional vitreoretinal conditions such as age-related macular degeneration. These are significant opportunities with significant market growth. The company is managed very conservatively and benefits from significant pharmaceutical and regulatory expertise.

In addition to ocriplasmin, ThromboGenics is also developing an anti-clotting drug (phase 2) and in collaboration with Roche, a cancer drug (currently in early phase 2 trials). Valuation of less than €600 million is reasonable for a company with a significant product close to approval and an interesting pipeline.

Outlook

New product launches are continuing and we are keeping a close watch on the progress, as well as the pricing power.

Elections are looming in the US later in the year with healthcare again being part of the political agenda.

However, as we have said many times before, innovation is key for healthcare companies and we continue to look for companies that do the hard work and do not succumb to a short-cut mentality. We have planned several trips to meet companies ensuring we stay close to the real activity of the industry.

Platinum International Technology Fund

Alex Barbi Portfolio Manager

Disposition of Assets

REGION	DEC 2011	SEP 2011
Asia	35%	29%
North America	19%	20%
Europe	17%	21%
Japan	5%	6%
Cash	24%	24%
Shorts	3%	5%

Source: Platinum

Performance

The Fund's value declined by 0.6% during the quarter, while the MSCI Information Technology (A$) Index was up 1.3% for the same period. Over 12 months, the Fund recorded a negative 7%, while the MSCI World Information Technology (A$) Index was down by 4.4%.

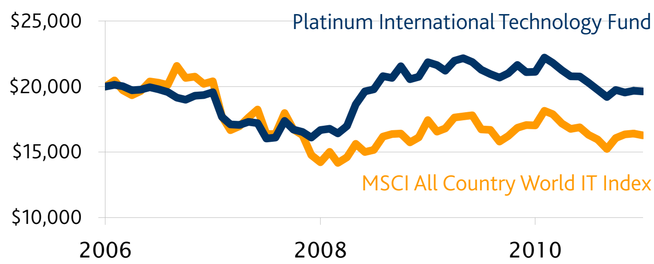
On a three year performance basis, the Technology Fund compounded 5.6% pa, ahead of the above Index which increased by 4.6% pa over the same period.

During the quarter, major contributors to performance were:

- Globe Telecom (Philippines telecom operator) +33%.
- Samsung Electronics (Korean electronics giant) +27% (more over).
- Far Eastone Telecom (Taiwan telecom operator) +22%.
- Brocade Communication System (leader in storage switching) +20%.

Value of $20,000 Invested Over Five Years

31 December 2006 to 31 December 2011



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

We were pleased to see our undervaluation thesis on the Philippines and Taiwanese telecoms (refer to our June and September Quarterly Reports) recognised by other investors and the positive effect on performance.

Among major detractors to performance were:

- Hirano Tecseed (Japanese electric batteries components maker) -35%, after it revised down its profit expectations due to increased price competition from Korean competitors.
- Infinera (Optical transport switching) -19%, partly due to supply chain disruptions created by floods in Thailand where the company sources some of its optical components.

During the quarter, the short positions worked in our favour, contributing positively to performance. The strength of the Australian dollar against the US dollar (+5% in the quarter) and similarly against the Hong Kong dollar, Singapore dollar and the Euro, detracted from performance. The Fund has maintained a minimal Australian dollar position in anticipation of a Chinese slowdown which could trigger a repeat of the 2008 dynamics when the Australian dollar depreciated heavily against major currencies.

Changes to the Portfolio

Major changes to the portfolio:

- We reduced our position in Microsoft as the company enters a six to nine month period of relative slowdown due to weakness in the PC market and maturity of its Windows 7 platform.
- We added to Apple as the market coldly reacted to the launch of its new iPhone 4S; we think it underestimates the incoming 2012 acceleration triggered by growing demand in emerging markets (China in particular).
- In Hong Kong, we reintroduced Comba Telecom and ZTE, the mobile telecommunication equipment providers which will benefit from the next round of mobile network upgrades in China. Comba in particular, at 8.4 times 2012 P/E, is trading well-below its recent average of 10.5 times despite having brilliant prospects in the medium-term.

Commentary

In December we visited several companies in Silicon Valley on the US West Coast and came back with a mixed picture. While companies operating in semiconductors and IT Hardware (PCs, servers, data networking) were lamenting sluggish demand and were cautious on their short-term prospects, those active in IT security, cloud computing, mobile handsets, e-commerce and social networking were more positive about their future prospects.

Areas of general recurrent concern during our conversations were the problematic situation in the euro zone and the slowdown in emerging economies (particularly China). As a result of the macro-economic uncertainties, we found management's attitude rather cautious and guarded in relation to expansion plans, capital expenditures, outlook for demand etc.

That contrasted with a more positive attitude towards their domestic market which recently seems on a weak, but encouraging, path to stabilisation (slightly improving jobs statistics, decent retail sales, gas exploration boom etc).

Despite the constant 'macro' noise, we try, however, to focus our efforts on fundamentals. Valuation is one. (Please refer to the article titled 'Why Valuation Matters' on page 4). Many companies in the stock market are now trading at very low levels despite positions of leadership in their respective sectors. In semiconductors for example, a number of companies were penalised by investors as they went through a typical temporary inventory correction. We believe that over the next few months these same names may become very interesting targets for our portfolio once the market goes through the (hopefully) final adjustment phase.

Samsung Electronics Co (Samsung)

In light of Samsung's outperformance this quarter, we provide an update on the progress made by the company, a top three holding of the Fund (refer also to our previous comments in the June 2009 Quarterly Report where we explained our reasons for adding to our position).

Two years ago we wrote about Samsung transitioning to a new organisational structure with management made accountable for divisional results aligned to more stringent capital return parameters. We also wrote about Samsung's leadership in DRAM (Dynamic Random Access Memories) and of its success in the flat panel TV market. Building on its leadership in

DRAM and display panels, the company has now progressed further by also achieving success in mobile handsets and further expanding into new semiconductor areas.

In fact, Samsung is transforming from a company dependent mostly on unattractive 'commodity' sectors like DRAM and flat panel displays, into an integrated mobile and consumer electronics leader.

While Samsung is the recognised leader in DRAM thanks to its superior scale and technology, the segment remains highly cyclical and profitability can swing wildly over the years. Therefore, the company has pursued a strategy of diversifying away from the more commoditised segment of generic DRAMs into more NANDs (flash memories) and most importantly, into LSI (Large Scale Integrated) chips.

NAND flash memories, in particular, are expected to become an important growth driver for the company, the market leader with 40% share, ahead of Toshiba. According to Gartner, NAND is expected to be the fastest-growing semiconductor category in 2012 (+16%) thanks to strong growth in mobile consumer devices and the proliferation of tablets and lighter notebooks. NAND are increasingly used in Solid State Drives as an alternative to traditional Hard Disk Drives thanks to their lower weight and fast read-write speed.

Samsung's broad line of 'new' logic products also includes mobile application processors, ASICs, microcontrollers, image sensors and other System LSI chips. In other words, Samsung is gradually evolving into a well-diversified semiconductor supplier able to provide its major clients with complex systems as opposed to simple components. These investments in non-DRAM semiconductors will also have the positive effect of broadening their addressable market and increasing market share with some of its most important clients. Already we find they have integrated multiple Application Processors, memories and LCD panels for devices made by companies like Apple, Sony, Dell and Hewlett Packard.

As a result of this transition, DRAMs as a percentage of revenues are expected to decline from 11% of sales in 2010, to 7% of revenues in 2014. Most importantly, while in 2010 DRAMs represented more than 40% of group operating profit, this is expected to be around 15% by 2014, greatly reducing cyclicality of group profits.

Similarly, with its successful Galaxy smartphones, Samsung has quickly advanced to a leadership position and it has taken the number one spot in the segment in 2011 (ahead of Apple). It is also expected to become the absolute leader in total handsets in 2012 (ahead of Nokia). In 2011, Samsung's mobile phone revenues represented around one third of its total consolidated sales and more than half of its operating profits.

While we are not oblivious to the risk of being exposed to the highly competitive mobile phones industry (refer to our September 2011 Quarterly Report for a more detailed analysis on the subject), we believe the company has unique advantages over its competitors.

Unlike most consumer electronics makers, they manufacture almost everything in-house. They also command a leadership role in key components as previously explained (memories, displays and application processors). A vertically integrated structure also allows for faster design, development and production; key factors when one has to rapidly react to sudden changes in demand trends. Samsung also has strong supplier relationships with Samsung Group affiliates providing other components such as LEDs, batteries and glass; further enhancing its ability to quickly adapt to market changes.

Trading at 9.9 times P/E for 2012, Samsung remains quite attractive considering its strong leadership positions and growth prospects.

Outlook

With a 'macro' landscape heavily clouded by Euro zone troubles and a general global growth slowdown, markets are likely to trade sideways for the next year until a trigger event (a country leaving the Euro or the European Union, a sovereign default?) will force policymakers to intervene with measures more aggressive than those adopted so far. While we cannot predict exactly which event will likely force the hands of the European Central Bank into a more aggressive behaviour (i.e. printing more money), we are ready to profit from ongoing volatility and we will look at adding to our positions as opportunities arise, particularly now that valuations have been reset at lower levels. The Fund's relatively high cash position will allow us to participate opportunistically.

Glossary

Exchange Traded Funds (ETFs)
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%.
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 Book Ratio (P/B)
The ratio of a company's current share price to its current book value. Book value is the sum of a company's total assets minus its total liabilities and intangible assets. The P/B is used as an indicator of the value of a company by comparing its share price to the amount of the company's assets that each share is entitled to.

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

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

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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$20,000 invested in the relevant Fund over five years from 31 December 2006 to 31 December 2011 relative to their Index (in A$) 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 $15 billion, with approximately 14% 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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