Platinum®
ASSET MANAGEMENT

Quarterly Report
31 December 2013

Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

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

Contents

Performance Returns to 31 December 2013

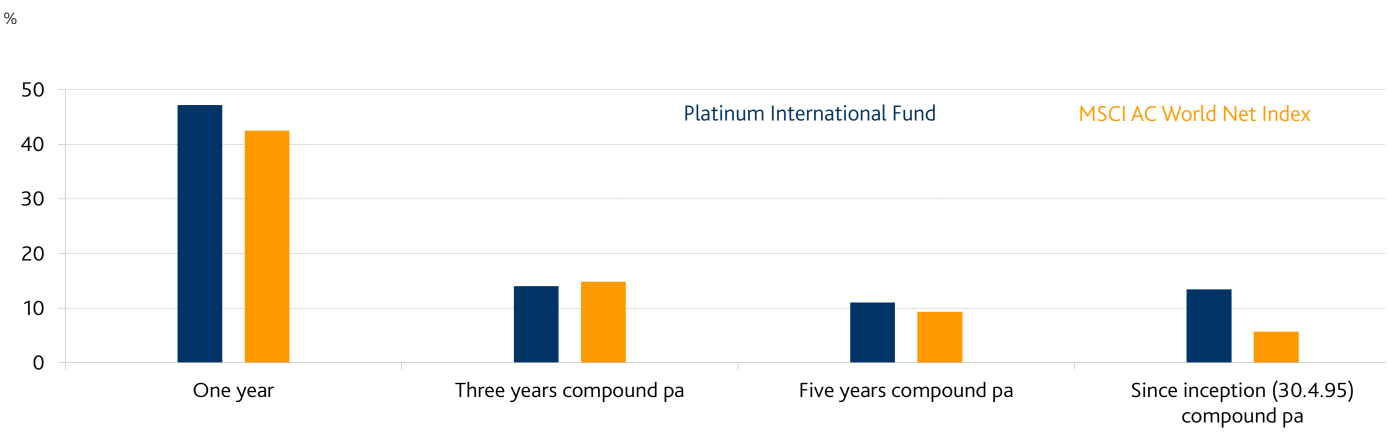
FUND	PORTFOLIO VALUE	QUARTER	1 YEAR	2 YEARS *COMPOUND PA*	3 YEARS *COMPOUND PA*	5 YEARS *COMPOUND PA*	SINCE INCEPTION *COMPOUND PA*
International Fund	**$9,854m**	**11.9%**	**47.2%**	**29.8%**	**14.0%**	**11.0%**	**13.4%**
MSCI AC* World Net Index		12.2%	42.5%	27.8%	14.8%	9.3%	5.7%
Unhedged Fund	**$278m**	**10.0%**	**46.7%**	**29.3%**	**14.0%**	**15.9%**	**11.5%**
MSCI AC World Net Index		12.2%	42.5%	27.8%	14.8%	9.3%	5.0%
Asia Fund	**$4,026m**	**10.0%**	**26.2%**	**25.6%**	**8.2%**	**13.2%**	**16.5%**
MSCI AC Asia ex Japan Net Index		8.1%	19.6%	20.2%	6.1%	10.8%	10.2%
European Fund	**$260m**	**10.6%**	**41.1%**	**37.1%**	**17.6%**	**17.8%**	**12.6%**
MSCI AC Europe Net Index		12.3%	43.5%	30.1%	14.3%	7.8%	2.0%
Japan Fund	**$440m**	**12.1%**	**71.7%**	**41.6%**	**20.9%**	**14.5%**	**15.0%**
MSCI Japan Net Index		6.9%	47.6%	25.6%	10.5%	2.4%	0.8%
International Brands Fund	**$1,250m**	**7.0%**	**31.1%**	**28.6%**	**14.6%**	**18.1%**	**13.8%**
MSCI AC World Net Index		12.2%	42.5%	27.8%	14.8%	9.3%	0.3%
International Health Care Fund	**$88m**	**10.2%**	**45.9%**	**32.1%**	**23.4%**	**16.6%**	**8.1%**
MSCI AC World Health Care Net Index		13.8%	57.5%	35.4%	25.9%	10.8%	7.0%
International Technology Fund	**$55m**	**13.0%**	**49.0%**	**25.3%**	**13.4%**	**13.1%**	**9.1%**
MSCI AC World IT Net Index		16.3%	46.8%	29.3%	16.9%	13.9%	-5.3%

* 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

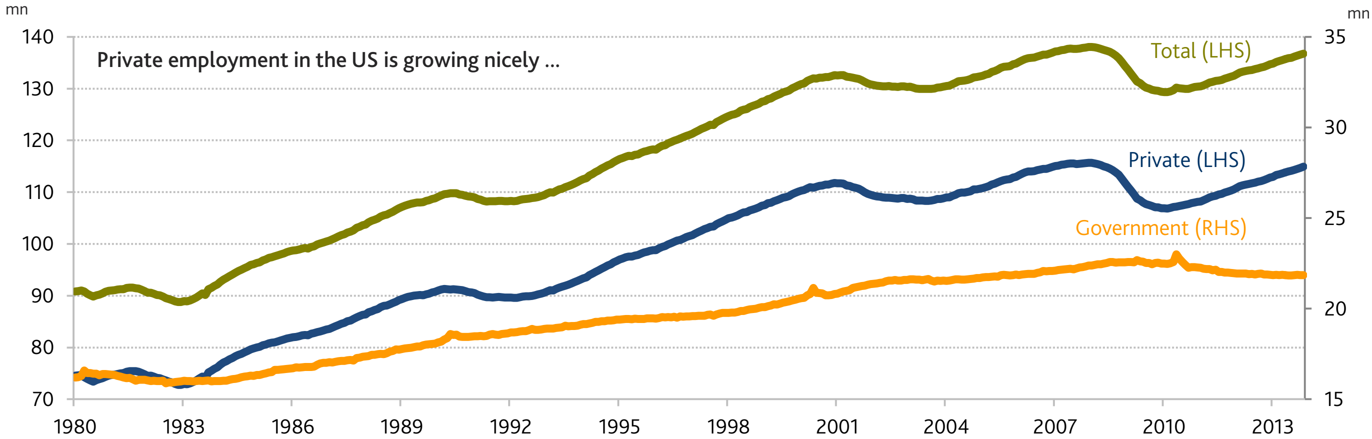
To 31 December 2013



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

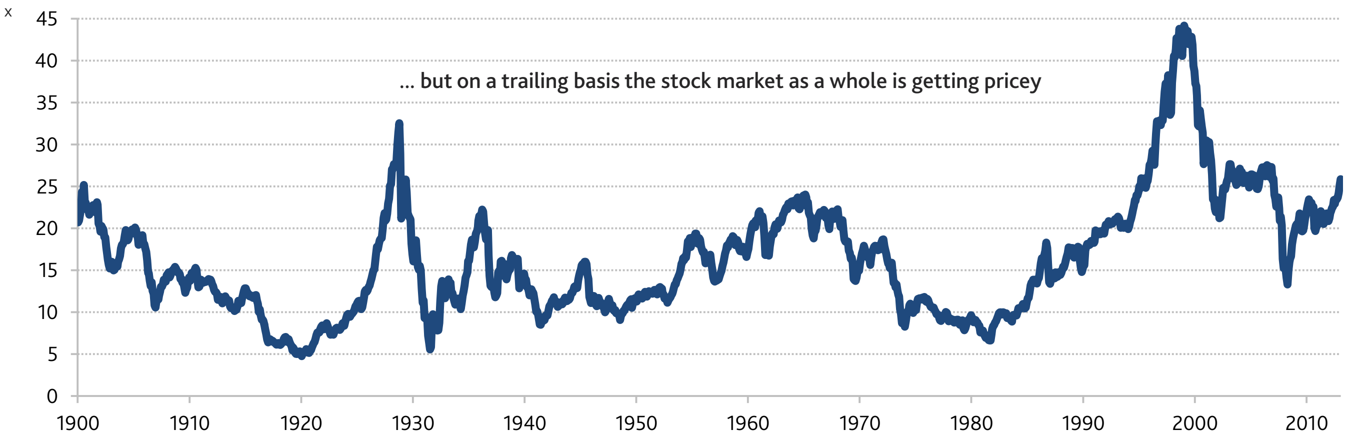
Market Panorama

US Composition of Non-Farm Payrolls



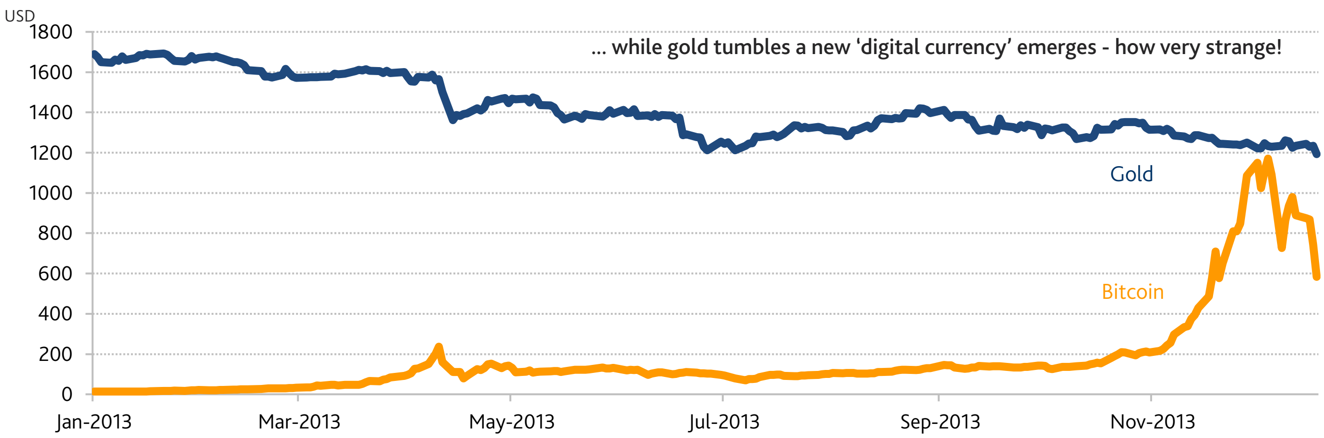
Source: Ned Davis Research Inc

S&P500 Shiller P/E*



Source: Bloomberg. *Price earnings ratio is based on average inflation-adjusted earnings from the previous 10 years, known as the Cyclically Adjusted PE Ratio (CAPE Ratio), Shiller PE Ratio, or PE 10

Gold versus Bitcoin



Source: Bloomberg, bitcoincharts.com

Platinum International Fund

Kerr Neilson Portfolio Manager

Disposition of Assets

REGION	DEC 2013	SEP 2013
North America	27%	29%
Europe	25%	27%
Asia	21%	19%
Japan	18%	15%
Australia	1%	1%
Cash	8%	9%
Shorts	14%	15%

Source: Platinum

Performance

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Int'l Fund	12%	47%	14%	11%	13%
MSCI AC World Index	12%	43%	15%	9%	6%

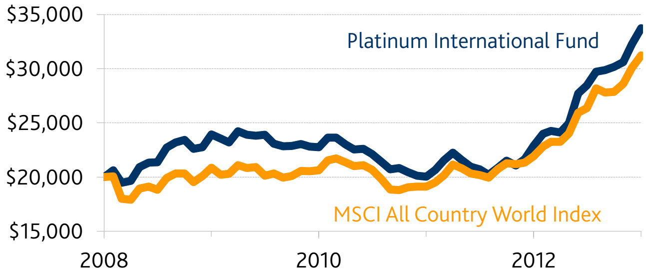
Source: Platinum and MSCI. Refer to Note 1, page 36.

Investors will be pleased with the way the year worked out. The key was to have faith that the economic system was gradually mending, that cheap money would persist and that on account of relatively weak demand and abundant capacity, the prospect for a general rise of inflation was remote. While keen advocates of the liquidity argument, we have been surprised by the enthusiastic re-rating of equities but not of the rotation away from defensives towards cyclicals.

When our performance was trailing some two years ago we tested our portfolio to ascertain whether there was **consistency between our investment approach and what we actually owned**. This exercise which is quantitatively based

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

showed that not only was the portfolio totally in keeping with our investment style but that in aggregate the quality of our holdings **was probably the best we had ever achieved**. Quality is defined here by a portfolio comprising companies that have demonstrated above average historic profitability and growth patterns yet employed below average leverage and were on unusually low valuations. It is therefore not surprising that once investors escaped from their mire of fear that they rotated to these types of holdings. This, together with no ownership of the Australian dollar, has allowed the Fund to achieve an excellent return of 11.9% for the quarter and 47.2% for the year.

Changes to the Portfolio

We used the market's exuberance to shift out of several long-held positions to rebalance the portfolio towards weaker performing drug companies, some relatively deep value Japanese companies and unusually for us, to add to strongly performing internet companies which are out-running our forecasts.

We removed **Adidas** in full, a huge performer up nearly four fold in four years; halved the position in **Micron Technology** which has given us over three fold in a year; sold out **Deutsche Börse** which had only returned its annual dividend; sold all of **Sotheby's** which was helped along by shareholder badgering, and continued to reduce **Amadeus**, **Henkel** and **Bank of America** which have doubled and tripled since they were bought or added to. As we state so frequently, there is nothing wrong with these fine businesses but their prices reflect little doubt and seem unlikely to provide the returns we might earn elsewhere.

China Resources Enterprise was discarded on account of their persisting with their chase for scale in Chinese retailing. We are disappointed to leave this stock on account of their dominant position in beer which is now becoming much more profitable and up-market but are troubled by their aggressive geographic expansion in retailing which is clocking-up large losses. We also disposed of **JSR** (chemicals) and **Aeon** (retailing) in Japan, preferring deeper value plays like **NTT** (telco) and a resumption of the position in **Mitsubishi Corp** on account of their revenue streams being more resilient than we had initially thought.

We have written in the past about the transformation of several drug stocks and have used price retracements to rebuild **Sanofi** and **Novartis**, while initiating positions in **AstraZeneca** and **Daiichi Sankyo**. The latter two are among the cheapest drug companies around and are set to change.

MSCI World Index Regional Performance (AUD)

REGION	QUARTER	1 YEAR
Germany	18%	52%
India	15%	12%
United States	**15%**	**53%**
Developed Markets	**13%**	**47%**
Europe	**12%**	**44%**
United Kingdom	12%	40%
France	11%	47%
Korea	9%	21%
China	8%	20%
Asia ex Japan	**8%**	**20%**
Hong Kong	8%	29%
Japan	**7%**	**48%**
Emerging Markets	**6%**	**13%**
Australia	4%	21%

Source: MSCI

MSCI World Index Sector Performance (AUD)

SECTOR	QUARTER	1 YEAR
Information Technology	16%	47%
Health Care	14%	58%
Industrials	14%	50%
Consumer Discretionary	13%	58%
Telecommunication Services	13%	43%
Financials	12%	42%
Energy	10%	32%
Consumer Staples	10%	37%
Materials	9%	15%
Utilities	7%	28%

Source: MSCI

An interesting 'fallen' tech company is **Ibiden**. This Japanese-based manufacturer of intricate packaging of high-end logic chips for Intel, chip-sized packages for mobile devices and any-layer printed circuit boards plus ceramic substrates for catalyst converters, had fallen out-of-favour as its profits tumbled. It had a golden period back in 2006-2008 when it made huge profits in the auto catalyst boom. We are banking on their next boom coming from the growing sophistication and market in mobile devices.

While the market correctly frets about the possible diminution of their market potential in CPU (central processing unit) packaging, on account of slow or no growth in PCs, we can imagine how the rest of their packaging business, where they are the world leader, can become highly profitable. Miniaturisation implies manufacturing complexity and Ibiden has mastered printed circuit boards that run to six levels of connectable stacks, allowing circuit designers improved design flexibility. At present, heavy up-front depreciation accounts for 15% of sales but as utilisation rises and depreciation reverts to lower levels, the published profits will then lever-up significantly.

Shorting

We have been relatively inactive, though towards quarter end we established some puts on the Russell 2000 and S&P 500 Indices on the basis of our technical indicators suggesting that these markets are extended. Partially offsetting this caution is a long position of the Topix Index which we see as being in a very strong bull phase, assisted by the weaker Yen and the prospects of Japanese households entering the stock market with their new tax-shielded savings plans. Individual stock shorts and net index shorts total about 14% of the Fund with the out-of-the-money puts giving us leveraged protection to the downside. The Fund's net exposure, taking account of cash, is 78%.

Currencies

There has been virtually no change in the underlying currency positions. We have little exposure to the Australian dollar.

Commentary

Some may be confused by all the excitement around 'tapering'. We have just had the outcome of the late December meeting of the Fed and a reduction of buying US government and mortgage-backed bonds is to begin in January, accompanied by the promise of a protracted period of very low short-term rates. Having watched the live coverage of Fed Chairman Bernanke's testimony, it was clear that the Fed is troubled by low price increases in the face of enthusiastic Quantitative Easing (QE). The concern has shifted to the potential of deflation.

Having known a period of chronic inflation in the early 1970s, it is confounding to hear of the need to do everything in one's power to ensure that there **is** an erosion of one's currencies purchasing power. At that time there was over-regulation of most things which reduced competition and led to insular anti-competitive behaviour, be it labour or international trade. The subsequent extended period of deregulation and flourishing global competition, accompanied by the explosive growth of consumer credit was the very antithesis of that earlier period and led to excessive financial leverage. This is being gradually reversed now but stable or falling prices would exacerbate the consumer's ability to reduce this burden and hence the current thinking regarding the difficult choice of punishing the frugal for the benefit of the many.

For all the media coverage, it is nevertheless true that the US economy has achieved job growth of the order of 146,000 per month since October 2009. The underlying numbers show a gross total of 7.8 million new jobs having been created, while 663,000 government-related jobs have been eliminated. Unemployment in the US is now at 7% but as an indication of the politicising of the Federal Reserve, this great achievement is seen as too little by the political elite and media. This four year recovery has witnessed annualised growth of 2.3% which contrasts with more energetic outcomes in previous cycles - but what did we expect?

The more interesting aspect of all this is that US monetary policy has, through transmission effects, forced easy monetary policy on other economies. With the prospect of rates rising in the US, the dollar could rise which will adversely affect the translation of offshore profits (and be a depressant on prices in general). The adverse effect of low inflation for corporations lies in its reduced pricing flexibility and the prospect of a ***reversion of profits to a lower share*** of the economy. At present this is at a record high level and yet the market is placing these earnings on 17 times which itself is above the long-term average of 15 times.

Why so, one asks? **Liquidity** is the most common explanation and we are inclined to believe that until the market becomes more unsettled about **corporate pricing power,** liquidity will reign supreme. Indications of this lie in the all-time record use of margin credit, the switch from cash and bonds into equities and other remarkable developments such as the explosion in the growth of trading in **volatility futures**. There are now Exchange Traded Funds (ETFs) on the VIXS (VIX is the Chicago Board Options Exchange Market Volatility Index) and a plethora of alternative vehicles by which to play it. The product that intrigues us most is the fantastic rise of **Bitcoin** and a host of its emulators - some 27 going by names like Litecoin, Peercoin and Namecoin.

This is a truly remarkable phenomenon. In the face of a meltdown in the gold price (off from $1,811 to $1,200 per ounce in 30 months), this *digital currency* has risen in price from $12 to over $1,000 and now back to $700 in a single year (see third graph on page 3). It is a remarkably clever concept, seductively so for tech geeks. There is a limit to the number of coins that can be produced, which is 21 million, and over half are already in circulation at a *value* of US$7 billion. Every transaction in the history of the Bitcoin economy is recorded on a distributed public log – the innovation of the Bitcoin system - and one records/transfers one's own holdings by virtue of public/private key encryption. The integrity of the log is enforced by the implementation of a **hashing algorithm** to form a mathematical puzzle that is used to both produce new coins and to verify transactions. Importantly, pending transactions that are yet to find their way onto the public log are packaged into blocks (at the discretion of the miner) and are verified/audited by means of solving a progressively more complicated calculation[1] to a standard algorithm. The so-called **miner** who solves the problem first is rewarded with an ever decreasing amount of new coinage[2] and in some instances may get a transaction fee from transactors who wish to expedite the recording of their transaction[3]. This open system thus breeds in an environment of frenetically competitive mathematical-problem solving which results in the reward of acquiring Bitcoins. It is this vibrant competition that is supposed to nurture the system and ensure that all transactions are verified and added to the log, ultimately proving their authenticity and disallowing the double spending of Bitcoins.

Once a block has been mined (solved), the block is broadcast to the network and added to the public record[4]. As the solution to the working block's puzzle is dependent on the solution (hash) of the previous block, this systematically forms a **chain of blocks** that expands as usage grows, with each transaction carried in subsequent blocks. Furthermore, to modify the block chain at a point in time would incur immense (and practically infeasible) computational expense as each subsequent block will need to be re-solved[5]. The difficulty in modifying the public record is a central feature to the Bitcoin system and allows its participants to place trust in the digital protocol, as opposed to being in the hands of government.

To a novice this all seems a rather cumbersome way to record one's payments when there are cheap or free traditional means of exchange. The difficulty of tracing transactions has been the principal driver in the use of Bitcoins thus far. However, for on-line commerce, the case is made that transaction fees are too high with card-based settlements, that Bitcoin ensures that there are no charge-backs to the merchant and that Bitcoin is unimpeded by government snooping. However, Bitcoin has its own short comings, the confirmation of transactions typically take 10 minutes and sometimes a lot longer; fees, though still infinitesimal, may

1 The complexity scales up or down depending on the amount of computing power on the network by way of an adaptive algorithm.

2 Hence the upper limit on the number of Bitcoins that can be 'mined'. This works out to be 21 million.

3 There is a limit to the number of transactions that can be packaged in a block. To incentivise a miner to include a transaction in the current working block (as opposed to subsequent blocks which may be some time away from being mined), one may offer a transaction fee.

4 Of course a block needs to be accepted by the broader Bitcoin network i.e. the solution to the mathematical puzzle must be verified by other miners who ultimately signal acceptance by beginning work on the next block.

5 If one were to obtain >50% of the computing power on the network, given enough time, one would eventually be able to 'fork' the public log with one's own version of history. To achieve more than half of the current computing capacity of five million giga hashes per second, we estimate that one would need to spend $50 million if one could lay one's hands on suitable gear.

need to grow to keep miners motivated as the number of coins reaches the termination number and the integrity of the system depends on no one having more than 50% of the current computing power on the network. More prosaic issues like the huge swings in the value of this fiat medium of exchange, the absence of income on deposits, the perceived need to protect consumers and the loss of seigniorage[6] (by the State), do not seem to bother the aficionados. They have their eyes firmly set on the low cost of acquiring the ASIC-based algorithm solvers and the excitement of the chase to mine coins.

Governments are already responding with well-publicised raids of some sites that were deemed to be trading in illicit goods, while China has banned further trade in Bitcoins and the Norwegians are treating gains as taxable. One suspects that the heavy hand of State will **nip this Tulip in the bud** and if not, it will probably prove an interesting marker for current market excesses, complementary to the art market and high-end property.

Outlook

It troubles us that re-rating of equities has been the principal driver behind some stocks this last year. Earnings must follow to validate these valuations or these stocks will come under pressure. Fortunately, we are stock pickers and as was indicated in the introduction there are several sectors that have been left behind. There has also been significant divergence among companies which gives rise to interesting investments.

We remain committed to our principal themes of a resurgence of the internet software providers, led by social media; the credit recovery of Western banks and a turning interest rate cycle for emerging market banks; capital spending opportunities related to investment in shale gas and oil; the valuation and growth case for the pharmaceutical companies and the continuing improvement in the structure and profitability of Japanese companies.

[6] The difference between the value of money and the cost to produce and distribute it.

Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	DEC 2013	SEP 2013
North America	30%	30%
Japan	24%	21%
Asia	21%	17%
Europe	18%	21%
South America	1%	2%
Australia	1%	2%
Africa	1%	1%
Cash	4%	6%

Source: Platinum

Portfolio Position

Changes in the quarterly portfolio composition:

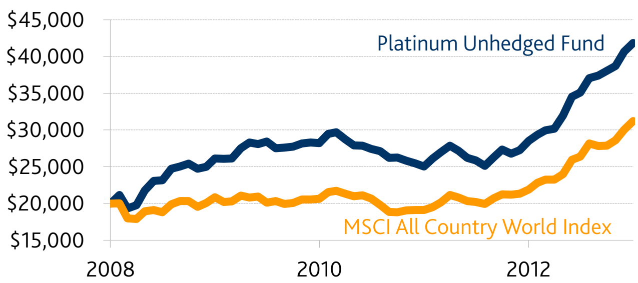
Sector Breakdown

SECTOR	DEC 2013	SEP 2013
Mobile Internet Services	13%	10%
Technology (software & components)	12%	11%
Consumer Globalisation (brands, retail etc)	10%	12%
Healthcare	9%	9%
Emerging World Financials	8%	7%
Emerging World Consumer	8%	8%
Mobile Internet Enablers	7%	8%
Japanese Revitalisation	6%	5%
US Capital Spending Renaissance	5%	5%
Alternative Energy	5%	5%
Western Financials	5%	5%
Gold	5%	5%
Energy and Materials	3%	4%
Gross Long	96%	94%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Some of the major investment themes in the Fund include:

- Post-patent cliff pharmaceuticals and personalised medicine.
- Consumer globalisation – Western brands, retailers and service providers positioned for global growth.
- Explosive growth in mobile data-based services and consumption in both the developed and emerging world.
- Emerging world home grown consumer brands/retailers and recovering property-related companies in India and Brazil.
- Japanese revitalisation driven by a broad consensus on the need for change.
- Capital equipment suppliers to the solar cell industry; a secular growth industry undergoing a cyclical recovery.
- US capital spending renaissance driven by a globally competitive supply of natural gas.
- Gold - a hedge against a self-reinforcing cycle of Quantitative Easing (QE) from the three large developed world currency blocks (US, Europe and Japan) where the narrative morphs from inflation targeting to government debt monetisation and competitive exchange rate devaluation.

Performance

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Unhedged Fund	10%	47%	14%	16%	12%
MSCI AC World Index	12%	43%	15%	9%	5%

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

The year ended strongly for global equity markets led higher by the developed world, with Japan the key laggard; emerging markets also lagged. Sector performance was reasonably broad led by technology stocks, and not surprisingly, Google, Microsoft, Intel and Ibiden were key contributors to the portfolio's performance. Western financials also made a solid contribution courtesy of the large Intesa Sanpaolo holding, as did US capital spending exposed contractor Foster Wheeler, with strong order flow highlighting the potential for a sustained earnings rebound.

Whilst emerging markets lagged, recently acquired Indian infrastructure stocks experienced a solid rebound from oversold levels as concerns regarding that country's external funding abated with a decent turnaround in the current account deficit. Further, the Reserve Bank of India continues to vocally target lower inflation and the political winds now seem to favour the reformist Bharatiya Janata Party (BJP) Prime Ministerial candidate, Narendra Modi. On the negative side, our gold stocks plunged to new lows and our small position in energy stocks lagged the market in-line with sector performance.

Changes to the Portfolio

We exited a number of stocks as price targets were exceeded including Vodafone, Deutsche Börse and BMW. Proceeds from these sales funded new holdings such as Sohu, Glory and we added to existing holdings AstraZeneca, KB Financial, Intel, NTT (see the current Platinum Japan Fund quarterly report) and various internet and gold stocks. We also sold Royal Dutch Shell in favour of Canadian Oil Sands as the latter offers a more attractive valuation with a declining capital spending profile. Over the period we refocused the portfolio with the concentration of our top thirty-five holdings rising back above 60%.

Though we have held Japanese company, Ibiden, in the portfolio for over a year, as the result of rising conviction in the investment case (and the outlook for one of its key customers, Intel), it has become a top ten holding (see the current Platinum International Fund quarterly report for a brief description of the business).

Sohu operates a collection of Chinese internet assets that historically could be described as 'followers' resulting in a relative low valuation multiple. We reinstated our investment after a price pull-back due to the decision to merge its Sogou search business with Tencent Holdings much smaller Soso business. The combined business with 13% share will be ranked third behind Baidu with 65% and 360 with 18% share. The relationship will ensure Sogou becomes the default search engine for the Tencent eco-system[1], reducing the overall risk profile of Sohu's business and is a likely prelude to broader co-operation between the two companies.

Commentary and Outlook

Clearly it has been a year where it has paid to be bullish, ignore dark memories of 2008 and simply sit-back and enjoy a re-rating of equities. In the US and developed markets generally, the drumbeat around higher growth and lower inflation is getting louder and the biggest casualty of this has been gold and related equities.

As always, it is difficult to make a call on the gold price. If the US continues on a low inflation growth trajectory then gold will likely underperform. Alternatively, if growth disappoints, tapering may soon reverse and with a re-energised Bank of Japan and European Central Bank likely to respond to any knee jerk currency strength, we would be back in the world of competitive exchange rate devaluations in which gold may find support. Notwithstanding, we think much of this uncertainty has been discounted in gold equities that are now trading at thirty year lows. Hence, we have added to holdings during the quarter.

It is difficult to challenge the market's optimistic view on the US recovery. Leading indicators around industrial production, housing and consumer confidence are robust suggesting that coincident indicators such as employment, capital spending and earnings should rise in 2014. However, at 17 times P/E (versus 14 times at the beginning of the year), US equities are pricing in higher expectations around GDP and top line growth in contrast to 2013 where earnings growth was largely powered by margin improvement, the sustainability of which can be debated.

Further, it is an inescapable reality that all the major economies have had to take on increasing leverage to support GDP growth with governments typically replacing the private sector as the marginal borrower, that is, there has been no system-wide deleveraging. Whilst a benign version of the much anticipated tapering has begun, more attention should be paid to how little apparent effect the Federal Reserve's asset purchasing program has had on US private sector demand for credit. Since the start of QE2, the Federal Reserve's balance sheet has expanded by $1.7 trillion and the excess reserves held at the Fed by commercial banks have risen by an almost similar amount, $1.5 trillion i.e. the drugs are not reaching the patient. This poses the question of whether the banks are being overly cautious in assessing credit applications or whether there is simply subdued private sector demand for credit. Whilst it is convenient for the major Western Central Banks to demonise deflation, we suspect falling prices are simply a natural consequence of high debt levels and general lack of 'average' competitiveness relative to emerging world wage levels and should be embraced as a necessary adjustment, otherwise far more disruptive currency realignments may potentially eventuate.

Where the Federal Reserves' policy seems to have had the most effect is the inflation of profit margins and asset prices to the benefit of equity holders. This will be the subject of more attention in 2014 along with the long-term reality of meagre real income growth amongst the great majority of US wage earners. At this point, we are generally finding more interesting opportunities for the Fund outside the US.

1 See the current Platinum Asia Fund quarterly report for a detailed description of Tencent's business; one of three dominant Chinese internet ecosystems combining elements of Facebook, Twitter and YouTube under one roof.

Platinum Asia Fund

Andrew Clifford Portfolio Manager

Joseph Lai Co-Portfolio Manager

Performance

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	10%	26%	8%	13%	16%
MSCI AC Asia ex Jp Index	8%	20%	6%	11%	10%

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

Asian markets gained around 3% in local currency terms and the depreciation of the Australian dollar added to the return for Australian investors, with the Index returning 8.1%. The Fund's performance was better than the market, up 10%, led by India (up 15%), where an improvement of the current account deficit stabilised the Rupee and the State election results are potentially foreshadowing a return of the Bharatiya Janata Party (BJP) in the coming general election. Optimism centres around the expectation that the BJP, led by Narendra Modi, the Chief Minister of the economically vibrant State of Gujarat, can improve economic prospects for the nation.

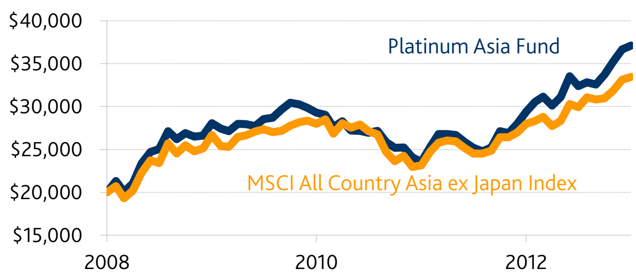
Disposition of Assets

REGION	DEC 2013	SEP 2013
China (Listed Ex PRC)	25%	24%
China (Listed PRC)	7%	7%
Taiwan	2%	2%
Hong Kong	2%	2%
Greater China total	**36%**	**35%**
Korea	20%	19%
India	14%	11%
Thailand	8%	10%
Philippines	6%	8%
Malaysia	5%	5%
Singapore	4%	5%
Vietnam	2%	2%
Indonesia	1%	1%
Canada	0%	1%
Cash	4%	3%
Shorts	3%	0%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Chinese markets started the quarter well as the Economic Plenum Meeting pledged greater economic reforms but ended flat as tensions once again rose in the interbank market. ASEAN market returns were lacklustre for various reasons; Thailand in the throes of yet another political crisis and Indonesia tightened monetary policy further to deal with inflationary and current account issues.

Our Indian holdings which have been strong performers appreciated significantly, namely ICICI Bank (a major private sector bank, up 20%), Jaiprakash Associates (infrastructure and property conglomerate, up 47%), Maruti Suzuki (up 30%). Elsewhere, our internet holdings continued to enjoy pleasing performance with Naver Corp and Tencent Holdings (dominant instant messengers in Japan and China respectively), up 30% and 20%, while E-House (Chinese on-line property broker) up 63%. In addition, minimal exposure to the Australia dollar ensured that the full benefits of depreciation accrued to performance. The most significant drag on Fund performance was the Fund's Thailand holdings, Kasikornbank and Bangkok Bank, both down 10%, and Land & Houses and Amata Corp (property companies) down 20%.

Changes to the Portfolio

The net invested position of the Fund came down from 97% to 93%. While economic prospects for the region remains constructive, as evidenced by the emergence of a mild slowdown in China, equity markets may have expected too much, too soon. We have raised some cash from stocks that we believe have reached our assessment of fair value and added index shorts.

We have deployed some of the cash raised in new positions exposed to the booming Chinese tourism theme. **Shangri-La Asia** is a luxury hotel operator with an enviable portfolio of hotel properties in prime locations in major cities across China and abroad. **China Lodging Group** is the best-in-class operator of the mid-end segment, therefore is often the default choice for domestic Chinese travellers. An over-building of hotels has temporarily reduced pricing power for these operators but these companies, with great positions, were on offer at extremely attractive valuations. With many of the choice locations in the more mature cities already taken, supply growth is moderating and pricing power is returning.

Given a weak Indian economy, we took the opportunity to add to Adani Ports which owns an extensive portfolio of private ports that have been taking market share from the operationally inferior public ports. Ports can be great businesses in burgeoning economies and the company also owns a vast land holding (>6000 hectares) in the Mundra Special Economic Zone, the value of which alone exceeds the market value of the company!

We have taken the opportunity to reintroduce Sohu (Chinese on-line portal, video and search) to the Fund, as we believe its partnership with Tencent in its search business offers significant potential that is currently under appreciated.

Commentary

Both the Chinese and Indian markets have become more optimistic about their economic prospects. We have previously commented on the current Chinese leadership's resolve to undertake reforms necessary to put the economy onto a more sustainable growth path. The main theme that came out of the Third Economic Plenum Meeting, which concluded in November, was to allow the *market* to play a "decisive role in resource allocation". This reverses the previous regime's tendency to increase government intervention. The aim is to transition the economy away from massive government investment and to become more driven by consumption and innovation, while improving social justice and the quality of life.

Among other measures, we can expect:

- Gradual liberalisation of interest rates to improve capital allocation.
- Reforms in local governments to reduce their sole focus on GDP growth.
- Liberalising the trading of rural land-usage rights to unleash land value wealth and to encourage modern farming practices.
- Relaxation of the 'hukou' household registration system that has hindered labour mobility.
- Opening up of State Owned Enterprises for competition.

- More diligent establishment of Free Trade Zones which provides internationally recognised rules for businesses to encourage growth of modern services-based industries.
- A broadening of corruption crackdown.

These moves are positive but they also mean that China is likely to see slower growth in the infrastructure and property-related sectors as factors of production get repriced. Recent spiking of the Shanghai Interbank Overnight Rate (Shibor) is the result of withdrawal of market distortions of the interbank market. The Shibor shot up to 4.5% from 3.4% in the space of one week in mid-December. This time around, the Chinese Central Bank chose to calm markets by injecting liquidity to bring down the overnight rate, leaving the medium-term rate elevated. Some commentators are concerned that this may evolve into a more debilitating financial crisis. We believe this is unlikely. With a strong current and capital account surpluses of around US$500 billion a quarter and significant deposits locked up in Central Bank reserves, the government has ample levers to avert this outcome.

However, a rise in the medium-term interbank rate represents a tightening for the recipient industries which can include local government-backed infrastructure projects and real estate companies. On the other hand, government's intention to increase market orientation makes one more optimistic over the sustainability of the other more interesting parts of the economy. These are developing rapidly as the country rebalances from investment to consumption. One prospective area is the Chinese internet companies.

Chinese internet companies

In Western countries, we may use **Facebook** for social networking, **WhatsApp** for mobile messaging, **PayPal** for on-line transactions and **eBay** or **Amazon** for on-line shopping. In China, social networking is done on Qzone, mobile messaging on WeChat, and on-line transaction and shopping can be done on Tenpay or 51Buy. All these internet properties are operated by one Chinese company, **Tencent Holdings**.

Tencent started life in 1998 with a little-known instant messenger (named QQ) for PCs. Now, QQ is an indispensable communication tool for all, with users numbering 800 million. However, it is best known in China as the dominant PC on-line gaming platform, capturing almost half the market, which generates over US$5 billion revenues a year, and is still growing at 30%. Its 'newer ventures' in e-commerce (51buy.com) and payment system (Tenpay), already major players, are still growing at 100% pa!

Dominance of a handful of titans is a unique characteristic of the Chinese internet industry. Regulatory barriers erected to bar foreign entrants (as Google has learnt), has enabled several domestic operators to mimic and localise foreign offerings for the vast domestic market.

In the migration to mobile devices, Tencent has managed to further cement its dominance. Recognising the importance of the opportunity, it deployed significant software engineering resources to mobile app development with the stunning success of WeChat, a WhatsApp-like mobile messenger. Although the number of users has tripled from a year ago, with (merely) 300 million users, the market is still in its infancy.

WeChat's functionality has expanded far beyond simple text messaging. Users can now send each other voice messages and complex emoticons which offer a richer communication experience. In addition, the social nature of the messenger has lent itself as a powerful mobile games distribution platform. The company has only rolled out a limited number of titles but some are already generating A$20 million in revenues a month! As users get used to its mobile payment system in mobile games, the expectation is that they will use it to pay for real world items too.

Indeed, WeChat is extending into the off-line world thanks to its location specificity. WeChat is growing its subscription accounts platform which links its vast user base to brick-and-mortar businesses. The number of business premises on the platform has reached two million within a year, allowing consumer-facing businesses to conduct more targeted marketing and promotions to their customers. Further, Chinese smartphone users have taken to social networking, with the absence of Facebook in China, WeChat's Facebook-like 'Moments' platform is now the **social network of choice**.

Smartphone growth in China is phenomenal. Although mobile user penetration is close to 100%, only 30% of mobile phones are smartphones. China shipped in excess of 300 million smartphones (mostly lower end) in 2013, having grown 75% from the previous year. This compares favourably against PC annual shipments of 70 million, a growth rate of 3.5%.

Despite the mobility boom, advertisers are only now beginning to migrate budgets to the mobile platform, making up only 4% of total on-line advertising but doubling each year. This is particularly striking when one considers on-line itself is under-represented in the total media marketing pie. We believe growing popularity of mobile advertising will open up tremendous advertising monetisation opportunities for companies with a strong presence. Our holdings in Sina (Twitter of China), Youku (dominant on-line video site), Sohu (Tencent's joint venture in search business) and Baidu (dominant search and map), should be significant beneficiaries.

Mobile exposures outside of China are Naver Corp (instant messenger in Japan) which is seeing a similar evolution to WeChat in China and CJ O Shopping in Korea (TV shopping leader transforming into a mobile shopping network) is witnessing a dramatic tripling of sales on its mobile channel.

Outlook

China and India need reforms to achieve their growth potential. Prospects are improving for both in this regard, however, success cannot be guaranteed as beneficiaries of the status quo can represent staunch opposition to change.

The Chinese leadership appears to have sufficient support from the Party, and more importantly the military, to push through key reforms to restructure the economy and reverse economic distortions. Greater sustainability of the economy will benefit the more consumer-related sectors.

The bull case for India is perhaps easier as it is coming from a much lower base. For example, the passenger car market is less than one fifth that of China! However, given the market's recent enthusiasm for India, delay in the reform process can lead to short-term setbacks.

Despite significant price appreciation of some of our holdings, we remain optimistic about the returns our companies can achieve. Stock prices are not expensive compared to their prospects. We are continuing to find interesting companies that offer superior growth at attractive valuations, so the Fund remains relatively fully invested. Potential market weakness would present interesting opportunities to add to the Fund's holdings.

Platinum European Fund

Clay Smolinski Portfolio Manager

Disposition of Assets

REGION	DEC 2013	SEP 2013
Germany	26%	33%
UK	25%	22%
France	9%	12%
Italy	8%	6%
Spain	3%	3%
Switzerland	2%	2%
Russia	2%	2%
US *	2%	2%
Sweden	1%	2%
Netherlands	1%	2%
Turkey	1%	1%
Belgium	1%	1%
Cash	19%	12%
Shorts	3%	5%

* Pulp stock listed in the US but predominant business is conducted in Europe

Source: Platinum

Performance and Changes to the Portfolio

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum European Fund	11%	41%	18%	18%	13%
MSCI AC Europe Index	12%	44%	14%	8%	2%

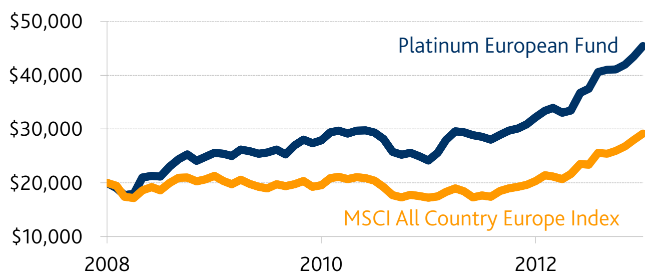
Source: Platinum and MSCI. Refer to Note 1, page 36.

Measured in their native currencies the major European markets have made solid returns over the past 12 months. The German market remained the outlier in terms of performance (+26%), followed by Spain (+22%), France (+21%), the UK (+18%) and Italy (+17%).

A major fillip to the returns of Australian investors has been the depreciation of the Australian dollar versus the European currencies, in particular the Euro which has appreciated +23% year-to-date. Unfortunately our currency management for the year has not been ideal. During the sovereign crisis in late 2011, we heavily reduced our exposure to the Euro, which gave

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

us a form of cheap insurance versus the risk of a partial break-up of the European Union. We started to gradually reverse this position in late 2012, post the European Central Bank's pledge to act as the backstop to all Euro government bond markets. However, in hindsight, given the strength of the Euro we did not move fast enough.

The above currency position, along with the Fund maintaining a more cautious equity position (we have been typically 77-80% net invested over the year), has led us to slightly underperform the benchmark in 2013. That said, the absolute performance for investors over the year is still sound, with the Fund returning 41.1% versus the MSCI Europe Index returning 43.5%.

Commentary

One sector that remains neglected and has large potential to see significantly higher profits are the European financials, with our holdings to date focusing on the stocks in the UK, Italy and Russia. Over the quarter we have added another Italian holding in the form of **Mediobanca**.

Mediobanca's business can be viewed in two parts. Half of the business is Italy's version of Goldman Sachs, a blue blood investment bank serving the top Italian corporates. The other half consists of Compass, a lender making unsecured personal loans to lower income borrowers, and CheBanca!, a highly successful low cost on-line retail bank in the same vein as ING DIRECT in Australia. In addition, Mediobanca own a large swathe of equity positions in other Italian corporates, the largest being a 13% stake in Italian insurance giant Generali (which alone is worth €3.3 billion).

There are several avenues for the company to grow profits going forward, particularly in their retail focused businesses. The first avenue is via lower funding costs for Compass. Compass makes small personal loans (average €2,000), to low income borrowers, charging an interest rate of 8-16% depending on the risk profile of the borrower. Compass has €9 billion of loans outstanding and this loan book is primarily funded via deposits collected at CheBanca!, costing roughly 3.3%.

Like the Italian government, the banks were forced to pay a high price for their funding during the debt crisis, with the government paying 4% for two year debt a mere 18 months ago. This pressure on funding costs has now reversed, with the rate on two year debt now just 1.2%. This is allowing the banks to reprice their deposits down and funding costs at CheBanca! should drop to 2% or below. We expect Italian rates to remain low for some time, with the lower funding costs providing a big boost to the net interest profits at Compass.

Secondly, we like the long-term positioning of CheBanca! in on-line banking. The Italian retail banking market is characterised by having a large number of small co-op (popolari) banks, a high number of bank branches per head of population, complemented by unionised staffing. In short, the branch networks are high cost, offer poor service and are very inflexible. This creates a great starting point for the likes of CheBanca!, unburdened by legacy costs, to attack the market by offering a solution that consists of a low cost on-line banking platform supported by a small number of modern branches offering late opening hours and high levels of service.

When started in 2008, CheBanca!'s strategy was similar to ING DIRECT and UBank on our shores; offer high rates of interest on on-line savings accounts and watch the deposits roll in. Whilst not particularly innovative, paying-up made sense as CheBanca! had an outlet for their high cost deposits – making high yielding loans at Compass. Having attracted half a million customers and €14.5 billion of deposits, the next stage of CheBanca!'s development is to broaden the product offering and make better use of the on-line bank as a distribution platform. There is huge potential to grow revenues via offering of zero-fee everyday transaction accounts, credit cards and simple funds management products.

The final area we can see some improvement is at the investment bank. Revenues are primarily linked to advisory services around mergers and acquisitions, or companies wishing to raise funds via listing on the Italian stock market. Given the recession, the activity in both these domains is weak, and while it is hard to predict the exact timing of the turn, a mix of cheap financing for deals and a recovering economy should drive a pick-up going forward.

Regarding valuation, we can buy all of Mediobanca for €5.2 billion today. For that we receive a bank with tangible capital of €7.6 billion and should the story play out as we expect, earnings power in the range of €650 million per annum. Paying 8 times earnings and 0.7 times book for an extremely well capitalised bank that can grow should make us money over time.

Outlook

After two years of rising markets, the investment landscape in Europe looks as such: the valuations of most industry sectors are now within their 'normal' historical ranges, with very fine companies often trading at the top end of that range. As the big gains from a 're-rating' of European stocks is now done, future performance will be mostly driven by earnings growth.

Given the above set-up, we are taking an approach of measured caution. With a 19% cash position we are well-placed to take advantage of any volatility in markets.

Platinum Japan Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets *

REGION	DEC 2013	SEP 2013
Japan	90%	91%
Korea	9%	8%
Cash	1%	1%
Shorts	14%	14%

The Fund also has a 10% short position in Japanese Government Bonds.

* The invested position represents the exposure of physical holdings and long stock derivatives.

Source: Platinum

Portfolio Position

Changes in the quarterly long portfolio composition:

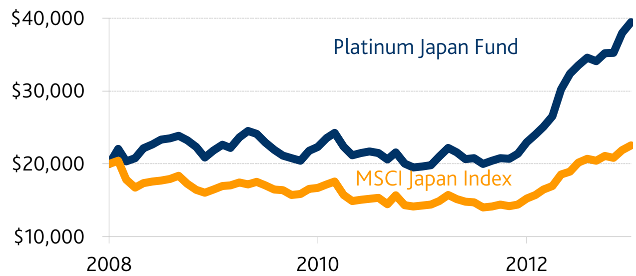
Sector Breakdown

SECTOR	DEC 2013	SEP 2013
DOMESTIC	61%	58%
Consumer and Retail	15%	15%
Financials	15%	15%
Services	13%	11%
Healthcare	8%	8%
Telco and Utilities	6%	5%
Property and Construction	4%	4%
EXPORT	38%	41%
Tech/Capital Equipment	22%	24%
Durables	13%	13%
Commodities	3%	4%
Gross Long	99%	99%

Source: Platinum

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Some themes that are represented prominently within the Fund include:

- Emergent industrials with leading global positions.
- Corporate revitalisation, industry reorganisation and potential merger and acquisition targets.
- Potential policy change beneficiaries (e.g. industry deregulation, labour market reform, tax reform, new business incubation incentives).
- Internet 2.0 and service sector growth opportunities.
- Emergent energy management opportunities (smart cities/grids, smart buildings).
- Cheap real asset exposures that domestic investors will seek as inflation hedges.

Performance

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Japan Fund	12%	72%	21%	15%	15%
MSCI Japan Index	7%	48%	11%	2%	1%

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

Key contributors to quarterly performance included Panasonic +29%, SK Hynix +22% and our internet 2.0 stocks such as CyberAgent +58%, Naver Corp +37% and the tangentially related Daifuku +27% (production line and warehouse automation provider benefitting from both a cyclical rebound in orders from auto assemblers and secular growth in e-commerce customers). Detractors included recently acquired Avex, as subscriber growth within the smartphone video streaming business disappointed. Our shorts also cost around 1% of performance.

Changes to the Portfolio

Longs

Whilst we reshuffled some exposures, including adding to our mega-bank holdings and Daiichi Sankyo, in terms of new stocks or complete divestments, the quarter was relatively quiet. We acquired a holding in internet gaming company Dena, a stock that we have tracked through two previous cycles of neglect-euphoria and back to neglect. In a similar manner that CyberAgent fell out-of-favour as investors questioned relevance of their on-line content business in the ‘smartphone’ era, Dena has de-rated on concerns regarding new competition within its core on-line gaming platform business. We have weighed the reality of the challenges against the company’s historic ability to capitalise on new opportunities forming a view that the current issues are transitory and more than accounted for by a starting P/E multiple of 7 times.

Over the past nine months Nippon Telegraph and Telecom (NTT) group has steadily crept up our holdings rank and now represents our second largest investment (when included with our direct holding in 63% owned mobile subsidiary NTT DoCoMo). This is an inherently dull but changing company with some 95% share of the Japanese fixed line market, 46% mobile share and a large and growing global data-centre/corporate backbone business. A cursory outline of the investment case would make the following points:

- Apparent commitment to lift a pitifully low 3% margin in core fixed line business via headcount reductions within the legacy copper infrastructure in favour of the recently completed Fibre to the Home (FTTH) network with every 1% improvement in this margin equivalent to a 3.5% increment to earnings per share (EPS).
- Japanese mobile industry ARPU is now expanding 1% year-on-year, a nice turnaround from the historical 2-5% pa declines and we expect growth to accelerate for two reasons: 1. Growing recognition within the industry that customers are prepared to pay-up for the significant benefits created by smart mobile devices when connected to quality, high speed networks; 2. Softbank's focus switches from customer acquisition to domestic cash-flow generation to fund global expansion.
- Management comments regarding mobile subsidiary DoCoMo's underperformance are becoming more strident by the day and rather than making excuses for the subsidiary, the parent company is upping the ante by demanding greater cost cuts to offset top-line misses. Potentially they have worked out that a 46% market share business should earn an operating margin closer to Verizon Mobile i.e. 30% rather than 20%.
- With a growing need for mobile operators to divert data off the radio network via Wifi to fixed line, the company's FTTH business is under-appreciated and Softbank's decision to extend bundling of NTT's FTTH service lends support to this.

The two key risks that require monitoring are:

- Overpayment for 'Cloud' acquisitions in achieving managements' goal of lifting overseas revenues from $12 billion to $20 billion over the next three years and poor contract execution within one of the key subsidiaries responsible for this, NTT Data.
- Key competitor's KDDI cyclical tendency to over-reach pushes its mobile-FTTH bundling strategy from niche to mainstream and disrupts recent industry ARPU growth.

Offsetting these risks is the fact that this historically insular company is now responding to market expectations for a greater level of management accountability with some of the first EPS targets in its corporate history and, importantly, our margin of error remains high with a starting cash flow yield of 11%. We find it puzzling that in a market that has celebrated Kuroda's massive easing by chasing so-called inflation protected real assets such as property stocks, that NTT's long-life (and relatively new) infrastructure assets trade on such a high yield (with over 3% paid as dividends and the same again in buybacks). Further, Japan is one of the few telecom markets globally where spectrum licenses are offered on what amounts to an evergreen basis and fees are immaterial making the duration profile of these assets extremely long-life; NTT represents a natural core holding for the Japanese pension fund industry.

Shorts

Our aggregate short position remained relatively unchanged over the period though we switched some of the Nikkei Index short into some stock and sector specific components that offer a better risk reward trade-off.

Currency

Our Yen exposure remains relatively unchanged over the quarter though we switched some of our US dollar exposure to Korean won as that country's record trade surpluses should retain appreciation pressure on the currency; it remains undervalued on a growth adjusted purchasing power parity basis.

Commentary and Outlook

Japanese policy makers continue to eschew big bang micro economic reform, favouring a Trojan Horse approach, hoping that relatively inoffensive policy initiatives morph into something far more revolutionary. An example of this includes Professor Ito's review of the national pension manager, Government Pension Investment Fund's (GPIF) investment process. In Japan, more than ¥200 trillion in financial assets are held by public pension funds with the largest of these the GPIF at ¥120 trillion. Ito's review was triggered mid-last year as part of Abe's announced growth strategy for stimulating private investment. The report is unusual in its conciseness (only 18 pages), breadth and boldness in addressing both process issues and offering some direct advice on asset allocation. On the latter, the whole thrust of the report is that Japan's public pension industry should prepare for coming inflation and reduce its weight in domestic fixed income assets. On process, a clear framework is proposed under which management of these funds would be modernised in-line with global best practice. Along the way Ito offers some gems that would warm every intermediary's heart such as the observation that GPIF's fixation with brokerage and fee minimisation may have been counterproductive in isolation of any assessment of performance forgone.

The core process recommendations include adoption of a far more prospective approach to risk return assessment, greater active management and most interestingly, for passive allocations, the consideration of more shareholder friendly benchmarks such as the JPX-Nikkei Index 400 instead of the banal, market capitalisation weighted Topix 1st Section (over 1,700 companies). This is where the Trojan Horse part comes in. Index inclusion within JPX-Nikkei 400 Index (an initiative of the Japan Exchange Group and Nikkei that goes live this year) is open to any TSE listed issue (1st Section, 2nd Section, Mothers, JASDAQ), which is a total of over 3,000 companies. However, membership will be restricted to the top 400 companies ranked on the following quantitative and qualitative factors; the quantitative factors include:

- Three year average return on equity (RoE) (40% weighting).
- Three year cumulative operating profit growth (40%).
- Market capitalisation on the base date for selection (20%).

The qualitative factors include appointment of independent outside directors, adoption or scheduled adoption of IFRS and disclosure of English language earnings information.

For long time Japan observers such as ourselves, the idea that the domestic pension industry could be forced to invest in high RoE companies is deliciously intriguing. Clearly, there are potential behavioural implications for underperforming corporate management that has historically relied on these pension funds for protection against foreign calls for greater accountability. Now Ito's report is at the same stage of many of the 'Third Arrow' reforms in that it represents a template for proposed change; for it to have any real impact it will need endorsement by the 'elite'.

Since the 'Abenomic's' rally began, Japanese equities are up over 70% in Yen terms and around half this when measured in US dollar terms, highlighting just how much of this rally has been currency related. At around 1.3 times book value, in aggregate the stock market is no longer in the 'deep value' zone. However, we are pleasantly surprised by the growing list of self-help opportunities presenting themselves. It would seem that many corporates rather than using the weaker Yen to delay much needed reform are starting to buy into a general need to modernise to remain relevant.

Platinum International Brands Fund

Simon Trevett Portfolio Manager

Disposition of Assets

REGION	DEC 2013	SEP 2013
Europe	35%	35%
Asia and Other	26%	29%
North America	9%	9%
Latin America	7%	7%
Japan	5%	5%
Africa	2%	2%
Cash	16%	13%
Shorts	8%	7%

Source: Platinum

Performance and Changes to the Portfolio

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Int'l Brands Fund	7%	31%	15%	18%	14%
MSCI AC World Index	12%	43%	15%	9%	0%

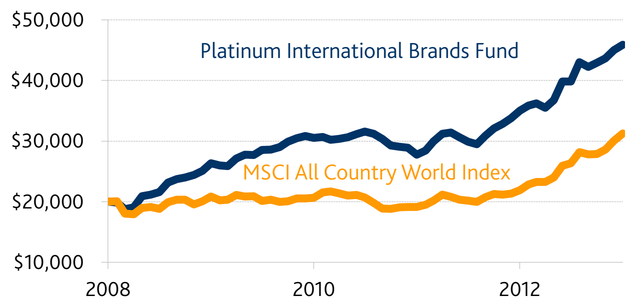
Source: Platinum and MSCI. Refer to Note 1, page 36.

The Fund has returned investors 7% for the quarter, 31% for the year and a five year return of 18% compound pa, whilst continuing to maintain a relatively defensive position with a net invested position of 76%. Some index short positions were added given the extraordinarily low volatility being priced and the opportunity to provide the Fund with some relatively cheap insurance against record setting markets that have shown their biggest annual rise in decades.

The Fund's relatively low net invested position, together with low exposure to both technology stocks and the Japanese market resulted in the Fund underperforming the MSCI World Index which rose 43% for the year. The Fund's low level of exposure to the Australian dollar contributed to absolute performance albeit any Australian dollar exposure detracted from relative performance.

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Swedish holding company Investment AB Kinnevik, driven by their stake in the German internet retailer Zalando, contributed most to the quarter's performance, reflective of the market's current focus on technology and particularly internet related stocks. Similarly, Safaricom, the Kenyan mobile phone operator and provider of mobile cash system MPesa, was up ~30% in the quarter.

European holdings were mixed; the Fund's smaller positions performing well such as Folli Follie up ~20%, with the larger holdings detracting on continuing concerns about the Chinese aversion to conspicuous consumption. Notably, the desire for luxury brands by Chinese tourists continues to remain strong.

The previous quarterly report noted an increase in the number of holdings as the Fund repositioned. The Fund sold out of nine investments this quarter for a variety of reasons. Some had performed well such as Sotheby's or Baidu, and some long held positions, whilst providing a positive return, haven't matched expectations or have failed to meet the investment case.

The Fund continues to favour the existing themes of tourism and emerging market consumers, particularly where there is an expanding middle class and evidence of pent-up demand with rising incomes or improved access to products. It remains difficult to appreciate the scale of demand as perhaps a billion new consumers start spending over the next decades, whether that is a first purchase of a packaged consumer product or the acquisition of some luxury products as evidence of an improving lifestyle. The rebalancing of the growing Chinese economy towards consumption will likely be as underestimated as it was for the scale of infrastructure building. Africa, Latin America, India and South East Asia are similarly enormous markets where many brands are still in their infancy.

Commentary

Fabergé is a brand that many readers would associate with cosmetics, particularly Brut cologne. Some might recall the Fabergé name in association with the fabulous jewelled eggs made for Russian Tsars. The House of Fabergé had become Russia's largest and most prestigious jewellery maker producing many more items than the famed Easter eggs, until the Bolshevik revolution.

The House of Fabergé was 'nationalised' and the family fled to Switzerland. It wasn't until after the wars, in 1950 that they learnt their name had been registered and used to sell cosmetics. Having insufficient funds to sustain a legal battle they settled out of court for $25,000, allowing the name to be used for cosmetics. In 1989, Unilever acquired Fabergé Inc for $1.5 billion, which at the time also included Elizabeth Arden cosmetics, previously bought by Fabergé from the pharmaceutical company Eli Lilly for $700 million. Unilever sold Elizabeth Arden for $225 million in 2001 and also subsequently removed the Fabergé name from all its remaining products. More recently in 2007 Unilever divested all rights associated with the Fabergé name for less than $50 million to an investment company.

Clearly not one of Unilever's more successful ventures, although royalties on sales over the decades would have been far more rewarding than the earlier settlement received by the family! Was Unilever's failure to exploit the brand due to their own failings or is Fabergé really ultimately better associated with its Russian heritage as a jewellery brand rather than a cosmetic?

Gemfields Plc merged with the investment company at the start of 2013, effectively acquiring the Fabergé brand for around £65 million. There is good reason for a miner and jewellery brand to be associated. Gemfields operates the world's largest emerald mine providing ~20% of global supply along with Ruby and Amethyst mines. Provenance and being able to certify not only where but also how the gems were extracted seems increasingly important to luxury consumers. Issues such as using heat to enhance the colour of gems or to synthetically produce diamonds, along with concerns of exploitation of the environment or the workforce is increasingly providing an opportunity for companies to brand both the gems (Argyle Pink Diamonds) and the jewellery (Cartier, Tiffany).

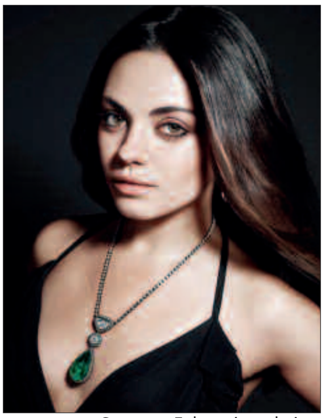
Perhaps more importantly is that jewellery is often presented with a story: an event, a family heirloom, where or when it was bought, an association with the design or gems (birthstones or colours). The jewellery store remains a retail destination and although the internet is used for research, the purchase often remains an emotive event and not easily substituted by on-line purchase or devoid of a 'story'. No doubt readers can associate some of their own family's jewellery with an event or interesting story.

Richemont, Swatch, Kering and LVMH have all identified the potential for branded jewellery to take a much larger share of the existing large and fragmented jewellery market. All have made sizeable acquisitions and investments in watches and jewellery such as LVMH paying €4 billion for Bulgari and previously TAG Heuer, Hublot, Chaumet and the DeBeers retail jewellery stores. Harry Winston, acquired by Swatch earlier this year for $1 billion, had paid $500 million for BHP's diamond mines.

Despite the many billions spent on acquisitions, these large luxury companies still only account for around 6% of the jewellery market. Bain estimate the global market at about €195 billion growing at 6% pa. The high end at €55 billion growing at 8% and within that high end 'branded' jewellery market at €11 billion growing over 10%. Highlighting an attractive ~€44 billion of 'high end' sales that are unbranded yet presumably to high net worth customers that have already frequented the major luxury houses for other products. The global watch industry is estimated at €35-40 billion so there is seemingly plenty of scope and interest for these houses to get just as excited about an equivalent jewellery market.

Gemfields have much to do to get Fabergé profitable and recognised so the investment is not without risk. The CEO of Fabergé, Katharina Flohr, was previously founding editor of Vogue Russia and prior to that the jewellery editor with Tatler. The family, Sarah and Tatiana Fabergé are working with her to rebuild the heritage, as Fabergé hasn't produced jewellery since the Bolsheviks put a stop to it, so there is plenty of archive work to do and access to the family is invaluable.

Mila Kunis and Fabergé jewellery



Source: Fabergé website

Actress Mila Kunis is the face of Fabergé and consistent with the current trends, needed to do her own review of the mines before agreeing to work with the company. The initial feedback on the marketing, the collections and the boutiques is positive, as are the records being set for gems sold at auction.

Although Gemfields doesn't mine diamonds, the pressure on the diamond jewellery market is clearly relevant. DeBeers "A Diamond is Forever" is arguably still the best known advertising slogan of the 20th century. A tag line started in an advert in 1947 showing honeymooners has successfully ensured that a diamond ring is forever part of the engagement ritual. It took two generations for America to adopt the ritual, Japan only one. There are currently 13 million weddings each year in China, with the use of diamond rings growing over 30% pa. At 30% penetration, China's still significantly below the 80% level of the US for diamond engagement rings.

The peak output of diamond mines occurred in 2005. In 2012, output was 30% below 2005 and looking ahead some 30% of existing diamond mines will be depleted in the next decade. No major discovery in the past two decades suggests supply is expected to reman tight and prices increase. Larger polished diamonds of more than one carat are increasingly scarce with supply or price exclusivity favouring their use in unique design pieces by the major luxury houses.

The Fund has added Gemfields Plc and the luxury company LVMH (Moët Hennessy - Louis Vuitton).

Outlook

The rebalancing of China's economy towards consumption is significant and will continue to create unprecedented opportunities for the Fund. Tourism, jewellery and cosmetics are strongly growing markets where the Fund continues to find ideas worthy of evaluating and investing. The Fund will, however, maintain its relative defensiveness despite indications that global equity markets remain primed to continue their record-breaking trends. Corrections along the way are inevitable. The market's strength, focus on technology companies and apparent disinterest in some high quality luxury companies, where valuations are becoming increasingly attractive, will continue to be used to reposition the Fund.

Platinum International Health Care Fund

Bianca Ogden Portfolio Manager

Disposition of Assets

REGION	DEC 2013	SEP 2013
Europe	47%	45%
North America	24%	25%
Japan	7%	5%
Australia	2%	3%
South America	1%	2%
Cash	19%	20%
Shorts	2%	2%

Source: Platinum

Performance and Changes to the Portfolio

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Int'l HC Fund	10%	46%	23%	17%	8%
MSCI AC World HC Index	14%	58%	26%	11%	7%

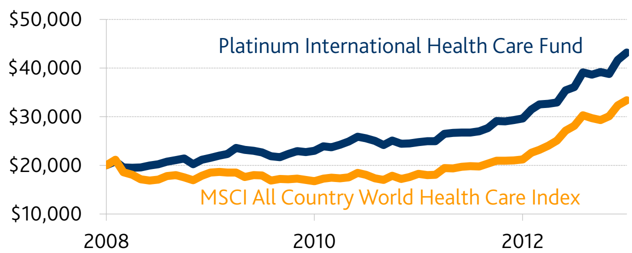
Source: Platinum and MSCI. Refer to Note 1, page 36.

The past year has been about US biotechs. Innovation has been strong and new approvals have been steady. At the same time, acquisitions have been plentiful, at times for a high price, keeping the excitement alive. More recently things have slowed and it is now more difficult to make the valuation argument without including very early stage assets.

We have been more cautious for a while on the US biotech market and the Fund today is heavily exposed to non-US companies, which this quarter have started to generate news of their own. Two of our UK holdings, Vectura (up 26%) and British Technology Group (BTG) (up 51%) have received approval for their respective new drugs. Vectura's partner, Sandoz, is now allowed to sell Vectura's respiratory drug/device in Europe, while BTG gained approval of its anti-varicose vein injectable 'bubbles' in the US.

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Both companies have been around for a while; Vectura has strong expertise in the formulation of respiratory drugs, while BTG started life as the British intellectual property commercialisation company. Both companies have been receiving royalties for some time (e.g. BTG for MRI technology) but for BTG in particular, as it is finally selling its own developed product. For Vectura, the new era of respiratory drugs also means a lot more royalty income to expand its own business.

Our US holdings have mostly done well. Approvals have been forthcoming for Gilead and we have been reducing our position as our investment case has played out nicely.

Commentary

Gilead's valuation has been steadily rising with the company now capitalised at over $115 billion, which is 50% more than AstraZeneca. We find this intriguing and feel that AstraZeneca deserves a lot more. There is no reason why the company cannot do what Gilead has done over the past two years. In 2011, Gilead was capitalised at $30 billion and its pipeline was seen as limited, though there were hints of a strong hepatitis C virus (HCV) product but the market dismissed that. We believed in the pipeline and we also identified strong HCV executives who wanted to lead the HCV field. In late 2011, Gilead made a bold, though calculated move, and spent $11 billion on Pharmasset and its HCV drug (at the time the deal was labelled too expensive). Today this drug will transform the treatment of HCV patients. This is an example of how focus (Gilead's virology focus), a clear strategy (combination therapy) and some courage, combined with solid due diligence can make all the difference.

AstraZeneca is different but the new CEO (having joined in October 2012) is applying a similar approach. He has been busy focusing the company on its biologics assets, reinstating scientific focus and making sure expectations are realistic both within and outside of the company. Patent expirations will reduce earnings temporarily but AstraZeneca has a number of assets that in the right hands will do well. Merger and acquisition is part of the equation and so far purchases have been based on sound reasoning and at reasonable prices.

This year we also added Danish biotech, Lundbeck. This biotech currently endures significant patent expirations; profits have been wiped-out but despite this, research and development investment continued and new products are now being launched. Lundbeck is investing more than ever in diseases of the central nervous system. Many other pharma companies have been reducing their budgets for anti-depressants and anti-psychotics as it is a different ballgame to oncology. Clinical endpoints are more subjective requiring large clinical programs and a deep understanding of the area. Lundbeck is not doing it alone; the company has two Japanese partners that are both very committed to this area.

The valuations and pipelines of Japanese companies has been attracting our interest lately, and we have added Daiichi Sankyo and Ono. Daiichi has been struggling to bring order to its majority-owned Indian drug maker, Ranbaxy, and their oral anticoagulant is being dismissed as being too late to market. We believe that over time this new class of drugs will become the standard-of-care and there is room for several contenders. We also know that smart marketing accounts for a lot in this area.

Ono is one of our immunotherapy holdings. Several years ago this company, together with Kyoto University, identified PD1 as having a crucial role in the regulation of the immune system. Since then Ono, together with Medarex (now part of Bristol-Myers Squibb), developed an anti-PD1 antibody which today is in late stage testing and has the lead in immunotherapy for cancer. Just prior to year-end, the company announced that it had filed for Japanese domestic approval. We also own other investments that develop other immunotherapies.

We have been busy looking at new approaches and technologies; one area we are interested in is cancer stem cells (or stem cells in general). Drug therapy in oncology has indeed come a long way but patients still relapse or cancer cells spread to other sites of the body (metastasis).

Scientists have identified a sub-population of cells, so-called cancer stem cells (or CSC) which essentially represent the 'seeds' of the tumour. CSCs tend to be dormant, resistant to current drug therapy and possess the capacity for self-renewal; meaning they can restart tumour growth and more importantly these cells have the ability to split off, relocate and start a second tumour.

Several molecular pathways have now been identified and profiled that orchestrate metastasis. We believe this will be an area of great pharmacological importance. Drugs are now emerging that specifically target these pathways and in combination with current standard-of-care should improve the treatment of cancer. The Fund has invested in two companies that have anti-CSC drugs in development and we will provide further updates in future quarterly reports.

Outlook

With several high profile drugs now approved, the focus is on finding the next wave of innovation and technologies. Pharma will become a market favourite again as several companies are emerging from their patent cliff. In the US, Obamacare will gradually overcome its issues and we should see more stable health care markets in the emerging world now that companies have adjusted their operating models.

Platinum International Technology Fund

Alex Barbi Portfolio Manager

Disposition of Assets

REGION	DEC 2013	SEP 2013
Asia and Other	32%	30%
North America	21%	26%
Europe	18%	22%
Japan	12%	11%
Africa	3%	2%
Cash	14%	9%
Shorts	4%	2%

Source: Platinum

Performance and Changes to the Portfolio

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Int'l Tech Fund	13%	49%	13%	13%	9%
MSCI AC World IT Index	16%	47%	17%	14%	-5%

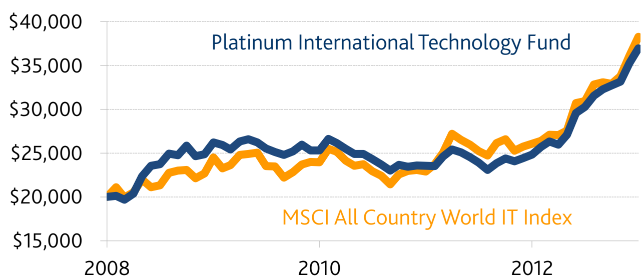
Source: Platinum and MSCI. Refer to Note 1, page 36.

In 2013, technology stocks recorded a very strong performance, with the Nasdaq 100 Index up 35% in US dollars and the MSCI World Information Technology Index up 47% in Australian dollars. In this context, the Fund performance was pleasing, returning 49% for the year and 13% for the quarter.

Among the Fund's best performers and major contributors were: Naver Corp +37% (Korean gaming and social network leader), Micron Technology +26% and SK Hynix +22% (DRAM and NAND memories), Google +26% and Samsung Electronics Preferred stock +19%. Chinese internet stocks were less ebullient this quarter but still up between 9 and 15% on average.

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Detracting from performance were Ericsson -11%, Adva Optical Networking -19% and Anritsu -17% (telecom equipment manufacturing and testing), all suffering from a temporary slowdown in the telecom capital expenditure environment.

Currencies contributed positively to performance with the Australian dollar down 5% versus the US dollar and 7% versus the Euro. The negative impact of the Japanese yen weakness was offset by our decision to fully hedge the Fund's exposure to Japanese stocks.

During the quarter we exited our position in **Microsoft** as the stock re-rated by 40% since its recent lows of January 2013. The news of current CEO Steve Ballmer retiring in 2014 created over-excitement and hope of imminent radical transformation. We believe, however, that judging from the company's recent strategic moves and statements, we will not see the necessary changes implemented soon or at least not in the short-term. While we still like the solid cash generating power of Microsoft's core business, we prefer to sit out this management transition and strategy clarification with a view to possibly re-enter at lower prices.

We introduced a new position in **Bharti Airtel**, the leading wireless telecom operator in India. The Indian telecom industry has long suffered poor profitability due to highly competitive conditions (a minimum of nine operators in each region) and a hostile regulatory regime. Recently proposed changes in the regulatory regime, improvement in the domestic competitive landscape and growth in data services in a still underpenetrated market, should be the factors triggering improved profitability and shareholder return.

Commentary

Our readers may remember that last year (please refer to the December 2012 quarterly report), we mentioned the proliferation of 4G-Long Term Evolution (LTE) smartphones as one of the most interesting investment themes in technology for the next couple of years. The ability of 4G smartphones to download data at a faster speed when accessing the internet (approximately 20 times faster than equivalent 3G phones) is ultimately the major reason one should upgrade his/her handset to the latest technology.

Most recently we have discovered another interesting LTE-related idea in the analogue semiconductors space. We bought **Avago Technologies**, a company very well-positioned to benefit from growth in low-end 4G smartphones thanks to its leadership in premium filters. Why are filters for mobile phones important? Filters perform the very important functions of separating the signal from the noise (i.e. remove any unwanted frequency components from the signal), enhancing wanted frequencies, or both. They effectively help to improve the quality of phone calls and mobile internet connection.

The transition from 3G to 4G in particular requires handsets to support multiple frequency bands globally and also to be backward compatible (i.e. phones will have to work in both 4G, 3G and 2G mode until 4G becomes ubiquitous). Basically you need a separate filter for every frequency the phone supports. In other words, managing the radio frequency aspects of mobile phones is becoming more complex and a company like Avago can offer the best solutions to address these problems.

With a 70% market share in the high-end Thin Film Bulk Acoustic Resonators (FBARs) and an addressable market expected to grow at 40% for the next two years, even allowing for the natural price decline of these components over time, we believe Avago will strongly benefit from this technology adoption.

Twelve months after discussing the LTE theme, it is also appropriate to assess how our general 4G thesis has developed and how our holdings have performed since our first investments.

We believe that the 4G-LTE theme is now approaching an inflection point. In 2013, an estimated 229 new LTE network build-outs started and as they take years to complete, we can forecast a long tail of LTE infrastructure spending and subscriber additions.

Research house Informa predicts that 4G subscriptions have reached 190 million at the end of 2013 and will rise to 1.3 billion at the end of 2018, suggesting strong growth in the medium-term. Even in those countries like the US and Japan where 4G was deployed first, 4G penetration is still at around 20%. In China, 4G licences have just been assigned to the three telecom operators and it is reasonable to expect that the existing 1.2 billion current subscribers will gradually participate in this global trend over the next few years.

An obvious beneficiary of 4G/LTE proliferation is **Apple Inc.** After the iPhone 5S and 5C September launches caused sceptical reactions in the investor community due to "lack of real innovation", we decided the stock was cheap enough (11 times perspective P/E) and we re-established a position. We found that the new phone had been designed with a very powerful application processor inside: the A7 is a 64-bit chip with twice the number of transistors of the earlier version! We also found that the clever engineers at Apple had reduced power consumption by adding another chip, the M7, which offloads some functions like monitoring and processing of various sensors in the phone to a low-powered processor (which is made by **NXP Semiconductors**, another holding of the Fund). The stock has appreciated by 15% since we invested and we believe there is still upside. Future growth will be driven by faster adoption of the iPhone 5S, accelerating sales of the new iPad Air and the introduction of the iPhone to China Mobile subscribers, the largest mobile operator on the planet with more than 760 million customers.

Micron Technology has been a star performer, up 2.5 times for the calendar year. Apart from seeing our original thesis (please refer to the June 2013 quarterly report) positively unfolding, the DRAM and NAND maker has benefited from rapid adoption of digital memories in smartphones and tablets (so-called specialty mobile DRAMs designed for low power requirements). We have recently reduced our position as the company's prospects are now largely reflected in the stock price.

Skyworks Solutions, the designer/manufacturer of analogue semiconductors and radio frequency components for Apple, Samsung and other mobile phone brands was up 42% for the calendar year. During their latest conference call, management was quite upbeat about the company's prospects in the medium-term, with a positive outlook for its core handsets business and new design wins in areas like medical, aerospace and smart energy applications. They also pointed to machine-to-machine connectivity and "the internet of things" as areas of future promising growth where they intend to participate.

While semiconductors and components producers in the 4G handsets supply chain have benefited from proliferation of devices, the same cannot be said for those companies supplying telecom operators. In fact, **Anritsu** (testing) and **Ericsson** (telecom equipment) has been the laggard of our investment selection, up respectively 13% and 20% this calendar year. Both have suffered due to telecom operators' reluctance to significantly increase their capital expenditure budgets at times of economic slowdown (Europe), regulatory delays (China) and adverse competitive environments (India). We think these are only cyclical headwinds and we are confident that fundamentals will improve once the required telecom network upgrades/expansions begin.

Outlook

With the Fund reporting the best calendar year performance (up 49%) since its inception, it is probably prudent not to expect stronger returns for 2014. However, we remain positive about technology stocks in the medium-term, as we believe that valuations (particularly for large capitalisation stocks) are still attractive. Moreover, as economic recovery eventually moves from the US to Europe and emerging markets, both enterprise and consumer spending in those countries should accelerate and positively impact on hardware, software and consumer electronics revenues.

The majority of the Fund's holdings, with its strong cash flow generation, cashed-up balance sheets and attractive valuations, remain well-positioned to benefit from any cyclical recovery.

Glossary

Earnings Per Share (EPS)
An indicator of a company's performance. It is calculated by dividing the company's after-tax earnings by the number of shares on issue to highlight the profit earned in terms of each share.

Gross Domestic Product (GDP)
The primary indicator used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period.

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 about 0.72%. 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 Japan Fund is positioned to benefit from an improvement in the Japanese economy.

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 opportunity in which it invests.

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.

Return on Equity (RoE)
Measures the rate of return on the ownership interest (shareholders' equity). It indicates how well a company uses investment funds to generate earnings growth.

Quantitative Easing (QE)
A monetary policy used by Central Banks to increase the supply of money by increasing the excess reserves of the banking system.

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.

Please visit our website at:

www.platinum.com.au

We have a section titled ‘The Journal’ providing in-depth commentaries on stocks, views and insights, and the fundamentals of investing.

LOSERS GUIDE TO ONLINE TRADING


HELP!
SOLD
DERIVATIVES
WHEN I
DIDN't EVEN
KNOW WHAT
THEY WERE.
SCHWADRON

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$20,000 invested in the relevant Fund over five years from 31 December 2008 to 31 December 2013 relative to their Index (in A$) 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.

3. Long invested position represents the exposure of physical holdings and long stock derivatives. The net invested position represents the exposure of physical holdings and both long and short derivatives.

Disclaimer

This publication has been prepared by Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 trading as Platinum Asset Management (Platinum®). It contains general information only and is not intended to provide any person with financial advice or take into account any person's (or class of persons') investment objectives, financial situation or needs. Before making any investment decision you need to consider (with your financial adviser) whether the information is suitable in the circumstances.

Platinum is the responsible entity and issuer of units in the Platinum Trust Funds® (the Funds). You should consider the PDS and Supplementary PDS in deciding whether to acquire, or continue to hold, units in the Funds. You can obtain a copy from Platinum's website, www.platinum.com.au, or by phoning 1300 726 700 (within Australia), 02 9255 7500, or 0800 700 726 (within New Zealand), or by emailing to invest@platinum.com.au.

No company in the Platinum Group® guarantees the performance of any of the Funds, the repayment of capital, or the payment of income. The Platinum Group means Platinum Asset Management Limited ABN 13 050 064 287 and all of its subsidiaries and associated entities (including Platinum).

MSCI Inc Disclaimer

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

Platinum
ASSET MANAGEMENT

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

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and PAM now manages around $23 billion, with approximately 8% 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 more than twice those of the MSCI All Country World Index* and considerably more than interest rates on cash.

Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

for the price of a local call anywhere in Australia

0800 700 726

New Zealand only

Or visit us at our office

Level 8, 7 Macquarie Place, Sydney

* Please refer to page 2.

Level 8, 7 Macquarie Place
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

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

FACSIMILE
02 9254 5590

EMAIL
invest@platinum.com.au

WEBSITE
www.platinum.com.au

Platinum®
ASSET MANAGEMENT