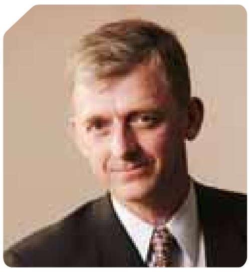
PLATINUM INTERNATIONAL BRANDS FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Fund fell in value by 20.8% over twelve months which, despite a very different composition, was a similar outcome to the MSCI World Index loss of 19.8%. In the month of June the MSCI World Index fell 8.8% as did the Fund, which represents most of the loss for the quarter of 10.4%.

As we commented in our last quarterly report, the markets were marking down stocks associated with discretionary spend on concerns that consumers would, by necessity, reduce expenditure on all but essential items.

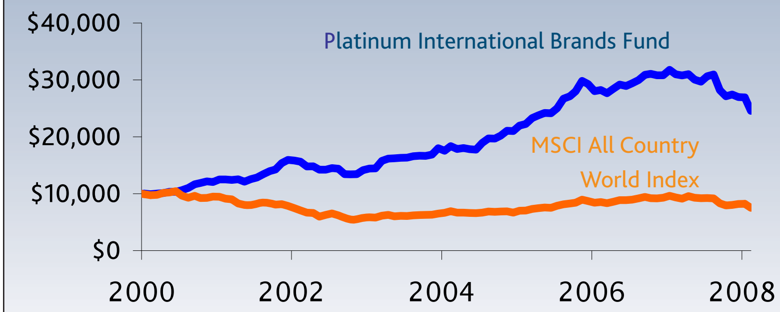
This has clearly continued this quarter as the 'ratings', or the multiple of earnings that stocks are priced by, have continued to decline as the market has concerned itself about the erosion to the spending capacity of consumers. More recently there has been a growing concern that it is the source and reliability of earnings that also matters and that the absolute quantum of earnings may be impacted, not just the multiple applied to them. Unsurprisingly, after such an extended period of economic growth, analyst and investor desire to anchor to past earnings and growth rates can lead to reluctance to critically evaluate forecast earnings, both positively and negatively.

DISPOSITION OF ASSETS

REGION	JUN 2008	MAR 2008
EUROPE	38%	38%
ASIA	21%	21%
JAPAN	12%	17%
NORTH AMERICA	7%	5%
SOUTH AMERICA	2%	2%
CASH	20%	17%
SHORTS	10%	8%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 JUNE 2008



Source: Platinum and MSCI. Refer to Note 2, page 4.

Having determined that the Western consumer will curtail expenditure, the market focus shifted to assess company dependence on growth from emerging markets, as a risk rather than an opportunity. More recently we have seen a significant focus by both companies and analysts in evaluating company specific emerging market potential. There is an interesting tension developing between the optimism of management and the increasingly risk averse market. Some examples of this are explored below.

The inherently higher earnings power of brands is intact. The ability to generate superior returns and the longevity of higher profitability, determined by the perceived qualities of a brand, remain as robust as ever. The ratings of branded goods companies are determined by the anticipation of this earnings leverage and the expectations of discretionary expenditure. The strength of economies over many years, and the success of branded goods companies in developing new products and markets, has meant that the memory of an economic slowdown has receded. The realisation that earnings, and especially growth, may not be so readily achieved has been evident in the recent share price action.

The Fund has reduced its weight to Japan, exiting from several investments as the relative attractiveness of these companies has diminished in comparison to the opportunities now being presented elsewhere. The Fund has added several new companies including for example, Tod's (Italian Shoes and Fashion) and Denway (Chinese Autos) and we have increased some of our existing names where we have confidence in the earnings progression. There has also been an increase in the short position against the Indian Nifty Index and the Brazilian Index.

COMMENTARY

This environment, with the reduced availability of 'easy money' and an increased sensitivity to the risks of achieving growth based on past earnings, has resulted in a noticeable decline in activity by private equity participants. The bidding for corporate assets beyond values deemed sensible by the industry has evaporated.

Now at the much lower valuations being presented by the market, we note increased activity by those who know their industry well. By way of example, two of our investments, Indonesian based Tempo Scan Pacific and the French cosmetics company Clarins, currently have their majority family shareholders seeking to acquire the free float and delist their companies.

The Fund has a number of investments where the long-term (family) owner or leading industry participants might consider the implied valuations as compelling when viewed from a perspective other than quarterly performance. These are not necessarily small companies. We have previously written about our investment in BMW and from the perspective of the Quandt family it might be tempting to delist BMW given the cash generation of this company and the relatively short payback.

Other examples of a willingness to take acquisitive advantage of the current situation are the US$46bn bid by InBev (a Belgium brewer with brands such as Stella Artois and Becks) for the previously untouchable iconic Anheuser Busch (Budweiser) and the recent US$23bn offer by the private company Mars (confectionary and pet food) to buy Wm Wrigley (chewing gum).

Pernod Ricard is taking on significant debt to acquire the Absolut vodka brand. These are not expressions of a lack of confidence in the earnings potential of major brands.

It may be surprising to note that despite the dramatic headlines of US auto sales hitting fifteen year lows and 20% falls in volume, that BMW sales are down a modest 4%. Their Mini Brand has increased US sales by 33% this year and Rolls Royce has continued to grow (+47%). The management of several of our companies continue to point to selective growth in the US market depending on the product positioning and customer demographic.

Vehicle registrations in Russia grew 35% in 2007 and have not slowed from that pace this year. Last year they passed the UK and most other European countries in new vehicle registrations with 2.6mn new registrations. A visit to Oriflame (Swedish cosmetic company) during the quarter confirmed their ongoing enthusiasm for their Russian business as did an analyst meeting organised by Pernod in Russia. Pernod also went to lengths to identify the potential of their developing business in Ukraine and other Central and Eastern European countries. Similarly Adidas took analysts to China to address concerns about the robustness of post-Olympic sales and their ability to manage rising costs by relocating production to Inland China as well as to Vietnam and to Indonesia.

In all these cases the share price has declined post these visits despite a favourable assessment. Notwithstanding that developing and emerging economies will have set backs and volatility in their pattern of growth, there remains a stark comparison between consumers of the Western markets with their high level of indebtedness and past years of (over) consumption with that of consumers with new found wealth, rising incomes and a growing interest in brands, especially the luxury and premium brands.

OUTLOOK

The impact of tightening credit and rising costs of living are, in effect, the application of a (regressive) tax. It has a disproportionate effect on some segments of the economy whilst leaving others relatively untouched. Paradoxically perhaps, branded products have historically performed relatively well in these circumstances as consumers pay closer attention to the inherent value of their purchase and the trust that they have in leading brands. They are less likely to experiment with their purchases and past experience suggests that the recovery of rising input costs is more easily, and perhaps only, achieved by strong brands.

As always, it remains a matter of price for the potential of any given business. We find it noteworthy that there is a pick up in the acquisition activity by industry participants and whilst we might retain concerns about the megalomaniac tendencies of some management teams, we are encouraged by the confidence of those who know their business well.

The Fund has investments in a number of companies with brands where past neglect is being redressed and the prospects for brand development and market expansion confer a degree of internal enthusiasm that is lacking in many companies. The regional disposition of the Fund suggests an emphasis on Western markets; however, companies such as Adidas, Pernod, Henkel and SABMiller have a breadth of operations and expanding markets that distinguish them from those restricted by geography, such as UK retailers. The Fund's average PE is 13 to 14x, well below historic levels.

NOTES

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

2. The investment returns depicted in the graphs are cumulative on A$10,000 invested in the relevant Fund since inception relative to their Index (in A$) as per below:

Platinum International Fund:
Inception 1 May 1995, MSCI All Country World Net Index

Platinum Unhedged Fund:
Inception 31 January 2005, MSCI All Country World Net Index

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

Platinum European Fund:
Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:
Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:
Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:
Inception 18 May 2000, MSCI All Country World Information Technology Index

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

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

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The Platinum Trust Product Disclosure Statement No. 7 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

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

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