PLATINUM INTERNATIONAL BRANDS FUND

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Portfolio Manager

PERFORMANCE

The Fund achieved a return of 9% for the quarter ahead of the MSCI World Index of 7%. Over a twelve month period the Fund has produced a return of 36%, above that of the MSCI World Index of 14%.

The Platinum International Brands Fund has benefited over the past twelve months from its greater exposure to Indian companies. An example highlighted in our March quarterly report, is the footwear producer Bata India with such global brands as Bata and Hush Puppies. In the quarter, this stock has been one of the top performers in the Fund with an increase in share price of approximately 80%. Our other investments in India, such as in the beer and spirit companies, have also shown exceptional gains building on an already strong twelve month performance.

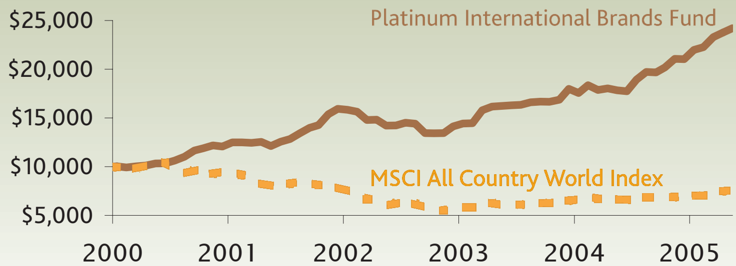
A comparison of the recent returns with the five year metrics, highlights the unusual opportunity that India affords. By contrast, the Fund's investments in Europe and Japan have generally produced returns more consistent with the longer term, high teen's performance of the Fund.

DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
OTHER ASIA (INCL KOREA)	26%	27%
EUROPE	24%	28%
JAPAN	20%	24%
NORTH AMERICA	6%	4%
CASH	24%	17%
SHORTS	11%	9%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 5.

We have been somewhat surprised by the speed at which some of our investments have tripled or quadrupled over the year. We are also a little surprised at the ongoing strength of the Indian economy in the face of a rising oil price, however, we continue to see tremendous opportunity for robust consumer trends and the flow-on benefits of further infrastructure spending. It is clearly the case that the Indian stock market is currently a lot less neglected than when we started to invest and it might be possible to question whether we have seen the majority of the rise in share prices. In observing the rapid increases, it may be tempting to use the recent history to frame the debate on whether to sell these investments. We have not chosen this course, preferring instead to retain the majority of our investments and to protect against the volatility inherent in such a rapid rise with some short positions on the Indian Nifty index.

So while we would counsel investors not to harbour expectations that our investments in Indian branded goods companies could double or triple again in short order, we remain invested in these companies with the conviction that there remains scope for continued solid performance over a longer time frame.

Six months ago we highlighted the role of strong regional brands in the Fund with a move into Japanese regional banks. These investments also stand out in the quarter as having contributed strongly within the Fund. In Europe, investments such as the Swedish cosmetic company Oriflame and the Belgium listed brewer Inbev, have shown returns of more than 20%.

Detractors include the US investments such as Estée Lauder, where we have taken the opportunity of a weak share price to add to the position.

CHANGES TO THE PORTFOLIO

We have added to a number of existing positions such as BenQ (Taiwan) on share price weakness. We have also continued to build positions in some of our existing investments that we have previously mentioned including Alpine Electronics (Japan) and LG Electronics (Korea).

We have maintained our interest in strongly defined regional banks with the addition of Credit Agricole, the leading regional bank in France.

We have also substantially reduced our investment in adidas after holding the stock for many years. It is not at all clear to us that the Eu3 billion acquisition of Reebok is an appropriate response to the competitive pressures facing the company. Certainly Nike has been making inroads in the European soccer market and adidas has struggled over many years with their US operations. We would have been more encouraged if adidas had pursued an internal strategy to compete more effectively with Nike. Our concern is that the allure of the scale of the US market has been over-emphasised in the decision and that the more difficult path of effective product development and operational organisation has been underplayed.

COMMENTARY

Companies have attempted to reduce the expectations of investors, citing the difficulties of rising production costs along with the challenges of invigorating demand in the markets of Western Europe and North America. It is clearly an inconvenience to be dealing with these issues concurrently, for some though, it is more than a trivial concern as they find themselves woefully under-prepared. We note many examples of companies finding shortfalls in their skills and tools, and in some case products. Organisations have been geared, with people, systems and structures, to launch the next *new innovation* at ever higher prices in an expanding market.

What then happens to the well laid out operating plans when the dynamics reverse with *declining* markets and *falling* prices in geographies or distribution channels that are a significant proportion of a company's business? We have observed differing reactions by the companies depending in part on the timeframes inherent in their thinking and planning. For those with a shorter term perspective, often tied to the tenure of management and their reward and reporting systems, the response has been to pull the short term levers. Changing the pack sizes, *new features* on the products, more marketing noise, discounting and cost cutting, are all familiar strategies, quite often presented as *product life cycle strategies*. As companies start to doubt the utility of these strategies they often look to acquisitions, which provide irresistible opportunities for *synergies*.

There are some, however, which understand very well the business that they are in and the requirements to successfully apply the strengths of the business beyond the visible horizon. Indicators of this approach and understanding are often found in a company's commitment to research and development over long periods and without the obvious fanfare of a succession of the next flavour or gimmick laden product launches. We have found that a decade or more of product research enabled by strong balance sheets (often described as lazy) have placed a number of our investments in Korean and Japanese companies in good stead. Their transformation from outsourced suppliers, *cheap manufacturers*, to brand builders of quality products is in retrospect quite remarkable.

Maytag founded in 1873, once a proud and significant household appliance manufacturer renowned for quality and reliability in the US, is not to be found on the Interbrand list of The 100 Top Brands. LG of Korea on the other hand has recently moved onto the list. The list of difficulties facing Maytag and the responses of the management team resulted in the demise of the company and the sale of the business. By way of example, Maytag purchased Hoover (vacuum cleaners) in 1989, at a price based on the strong brand name and excellent operating margins. In recent years, market share has dropped from over 40% to 15% and operating margins have plummeted from over 20% to 5% as imported competition made in-roads.

Maytag, with the majority of production in US factories, engaged in various major restructuring initiatives to address the loss of competitiveness. It took more than two years to shut one factory, the Galesburg factory. Meanwhile, product quality deteriorated and competitors started to look at the product attributes (price and features) actually influencing the purchase decision of consumers.

Facing protracted union negotiations in an already relatively high cost production environment, Maytag turned to Asia as a source of supply. Increasing the use of third party suppliers has many hidden consequences when a company is unsure or weakened at its core. It is interesting to now read that Best Buy and Home Depot, two of the larger US retailers, have awarded LG and Samsung more floor space; Maytag is no longer available in Best Buy.

Understanding the consumer, their trends and being able to differentiate product development between fundamental attributes and frivolous noise is core to the success of building a brand. This is not new; a difficult environment without the tailwinds of excessive consumption will expose those that are poorly placed and provide interesting opportunities for those that have been carefully planning their lucky break.

Similarly, it is insightful to consider the recent press commentary regarding the development of hybrid vehicles. Particularly considering the consequences across other industries where the core of the company may have been hollowed out in the pursuit of short term financial performance. Bill Ford Jr., the CEO, would like Ford to be able to offer gas-electric hybrid drives on half his company's models by 2010, with the capability of delivering 250,000 vehicles a year. Toyota, with many years of research and development already in place, is increasing production to 400,000 hybrids next year with a view that someday all cars will be a form of hybrid. Toyota is also halving the price differential between conventional and hybrid vehicles.

OUTLOOK

Our investments in the US have been poor performers as the market has grappled with the impact on indebted consumers of rising interest rates and the impost of higher oil prices. This may well present us with some interesting opportunities to explore over the next quarter as companies start to understand the extent of rising costs and the consumer reaction to substantial price increases. In the US we are seeing supermarket products with list price increases of 5 to 15% and in some product categories even higher. These increases are shockingly higher than the 3% or so inflation that the regulators have embedded in consumer perceptions and may well lead to some unintended changes in consumption patterns.

The cash position of the Fund has increased over the quarter reflecting, in part, our concerns with the valuations on offer after the recent robust performance of many of the markets. Japan and the emerging markets of the East would appear to offer the strongest growth prospects and we will retain our focus on looking for opportunities to participate, be that directly in those markets or through companies in Europe and North America with interesting international prospects.

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 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. 5 and its Supplementary (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.