PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

The Fund achieved a return of 3.5% in the quarter slightly behind that of the MSCI World Index of 4%. Over a twelve month period the Fund has achieved a return of 20.6% compared with the MSCI of 17.3%.

The movement in the currencies, particularly that of the A$/yen rate, detracted from our performance. The stocks performed significantly more strongly in their native currencies than is evident from the overall performance of the Fund. A review of the quarterly price movements of our investments highlights a performance ranging from that of our Indian spirits company McDowell & Co, up 50% in the quarter, to a decline of 5-10% in our more recent investments. It is not unusual given our investment process for there to be modest declines in the share price of new investments and we will generally take advantage of the situation to build the position. The majority of our investments performed ahead of that shown by the overall performance of the Fund.

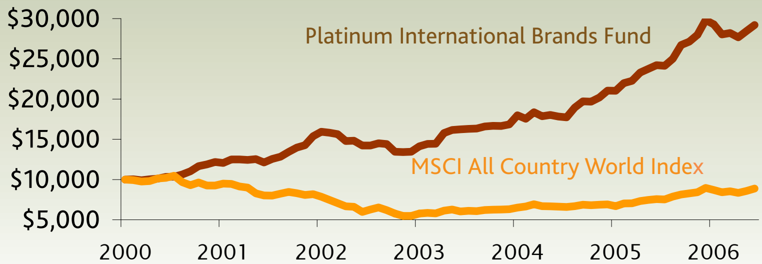
The price moves of several of our European investments warrant a mention with Henkel up more than 20%, along with Lindt & Spruengli and Credit Agricole showing similar gains. Singapore Airlines introduced to the Fund in the June quarter was not far behind with a gain of more than 15%.

DISPOSITION OF ASSETS

REGION	SEP 2006	JUN 2006
EUROPE	34%	37%
JAPAN	20%	15%
OTHER ASIA (INCL KOREA)	19%	16%
NORTH AMERICA	9%	4%
CASH	18%	28%
SHORTS	4%	2%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2006



Source: Platinum and Factset. Refer to Note 2, page 6.

CHANGES TO THE PORTFOLIO

At the end of the June quarter the level of cash held by the Fund had risen to 28% and had been a useful buffer in declining markets. We also commented that it enabled us to take advantage of any interesting opportunities that might be presented. We have been adding to the investments of the Fund during the quarter and as a consequence the cash position has declined to 18%.

PT Gudang Garam, was the leading Indonesian tobacco company, however, the purchase of competitor Sampoerna by Philip Morris, together with increasing taxes on cigarettes, has seen their market position eroded. We have sold the stock.

PT Ramayana operates an expanding network of department stores across Indonesia providing a range of fashion, toys, household items, foods and everyday products to what they describe as the middle-lower income sectors. This looks to be a well-run business at an attractive price, with interesting opportunities to further expand their store network as they move out of the major cities. We have started to buy the shares.

Our investment in the Asian region has increased from 31% to 39% of the Fund, the majority of that driven by an increase in the level of investment in Japan. We have been adding to our existing investments in Japan and as mentioned in the last report, have been looking at some domestic opportunities in that country. We have added Uny Co. a regional retailer of clothes, household and food products. Uny is the fourth largest retailer in Japan by sales but the 14th largest in market capitalisation - a ratio which appeals to us. With a strong position in the relatively prosperous Nagoya region, the company is well-placed to benefit from a recovery in Japanese consumer confidence engendered by the improving employment conditions.

There is also a notable increase in the proportion of our investment in the US, up from 4% to 9% of the Fund with new investments in eBay and Yahoo!. We have previously observed that the markets have been pursuing the smaller stocks and that this has provided some opportunities to invest in some of the larger and better known companies at reasonable valuations.

eBay started as an online market place for small collectible items such as Beanie Babies where avid collectors were poorly served by traditional means of trading. In a little over 10 years, eBay has grown to become one of the largest communities and online markets on the internet with close to 200 million registered users. In 2005, the eBay platform handled over $40bn worth of transactions! In essence, eBay brings buyers and sellers together and charges commission of as much as 10%. Interestingly, eBay has grown to become a global phenomenon and derives close to half of its sales from international markets. A key to the success of eBay has been to build mechanisms for enhancing trust in the system, such as the adoption of the rating system and enhancements to the payment systems.

The online advertising market is a natural beneficiary of the shift to spending more time on the internet. The global online advertising market is forecast to grow from $24bn in 2005 to $55bn in 2010. Yahoo! has become one of the most popular destinations on the internet, consistently ranking in the top three in surveys. It is estimated that around half of all internet users (as many as 500mn) will visit Yahoo! at some time, positioning Yahoo! to benefit from the increasing imperative to advertise on the internet. As developments in the capacity and distribution of broadband continue, we believe that Yahoo! is at least as well placed as its competitors to expand into new and hopefully exciting opportunities such as online video and music distribution and social networking or community sites.

Each year Interbrand publishes a ranking of the Best Global Brands, a listing that is avidly followed by the CEO's of many of the listed consumer companies. We are always keen to review the list and consider the changing patterns and fortunes of many well known brands. It may surprise some to know that eBay ranks just behind Gucci on this year's list and Yahoo! is ranked next to l'Oreal and Heinz. eBay achieved the third highest gains in the rankings this year.

In Europe, the Fund initiated an investment in Ericsson at what we believe is a very attractive entry price. Concerns about Ericsson' short-term profitability created a temporary decline in its stock price and we jumped at the opportunity to buy the world leader in wireless telecommunications at record low earnings multiples (13x 2006 forecasts). A period of temporary slowdown in Western Europe and US telecom equipment markets, and strong expansion in emerging markets such as India, Brazil and China had the effect of changing the sales mix towards lower margins. Investors are worried about short-term margin deterioration but they seem to limit their horizon to the next quarter or so, failing to recognise the potential of the Ericsson story. The new customers of China, India and Brazil will eventually become the loyal customers for the higher margin capacity upgrades of the next decade! Notwithstanding a leading 26% global market share in wireless equipment (base stations and radio access systems), a broadband products range strengthened by the Marconi acquisition and a joint venture with Sony in mobile handsets which has gone from loss-making number six a few years ago to profitable number three in the world, Ericsson is priced as a mature company with not much growth ahead!

COMMENTARY

Are there really 43 hours in the day? Yahoo! and OMD (a worldwide media company) completed a US survey that showed respondents listed on average a total of 43 hours of activities, including sleeping, working, commuting and technology, or media associated activities such as watching television, using the internet or listening to music. Whilst many may feel like they are actually completing 43 hour days, there are obviously substantial overlaps in the activities. The purpose of the survey was to try and gain an insight into these overlapping activities. Perhaps also an obvious conclusion is the pervasiveness of technology and the degree of reliance placed upon facilitating family communication through email and messaging.

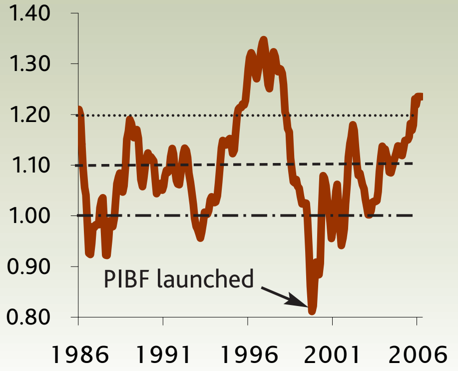
Families are also reporting that they are increasingly adopting the internet for use beyond the basic functional research or look-up facilities, to usage that is broader and more integrated with the family such as storing and sharing photos. The further the technology becomes integrated into family life the higher the dependency, and the greater the degree of trust that is placed in the providers of technology and services. Does that allow for the development of brands with implicit promises of quality and trust in the product or service for which a premium price can be obtained? Alex regularly describes in the Platinum International Technology Fund report the progress of technology companies as they move from being suppliers of equipment to enablers of services influencing and responding to changing consumer behaviour.

It also raises a recurring difficult question: how much more can consumers spend adopting new or improved technologies? How many more electronic toys do we need in each house or per person? We continue to underestimate the desire and capacity to consume and have regularly raised closely linked concerns about the degree of indebtedness of the consumer, and the propensity to spend, particularly in those countries that have enjoyed an excess of consumption funded by the boom in house prices.

The Yahoo!/OMD research also showed that it isn't just the US or the Western world that has enthusiastically embraced technology. For example, the US actually lags many other countries in mobile phone usage; Asia has led in the adoption of the MP3 players (for listening to music) and in China, the survey reported more than twice the proportion of respondents who watch video online.

Whilst concerning ourselves about the longevity of the boom in consumption and where it manifests, we have also been keeping a wary watch on valuations. As depicted in the attached chart, the consumer group of companies has increased in relative value, as measured by the price paid for earnings (P/E), to a point that looks unattractive.

US Consumer Packaged Goods Sector Relative PE



Source: FactSet, Bernstein Analysis

We acknowledge the weakness inherent in a single valuation metric based on earnings at a time when the group has faced rising commodity and energy costs that have compressed earnings growth and margins. It is also worthy of note that the balance sheets have been improved through this period of massive liquidity and low interest rates.

Generally, we would observe that companies have had some success at raising prices using their rising input costs as justification. As the published measure of inflation continues to increase they may well argue for further price increases. Should there be any sustained declines in energy and commodity prices, such as we are currently witnessing, then we might expect to see some surprising profit performances.

Nonetheless, we continue to be wary of the valuations of many of the companies and suspect that the tendencies of the management teams will be to utilise their relatively high valuations for acquisitions. Any windfall gains in profitability will most likely be directed to increasing advertising and product development in an attempt to improve the growth of revenues at a time when consumers may be flagging in their capacity to increase their consumption.

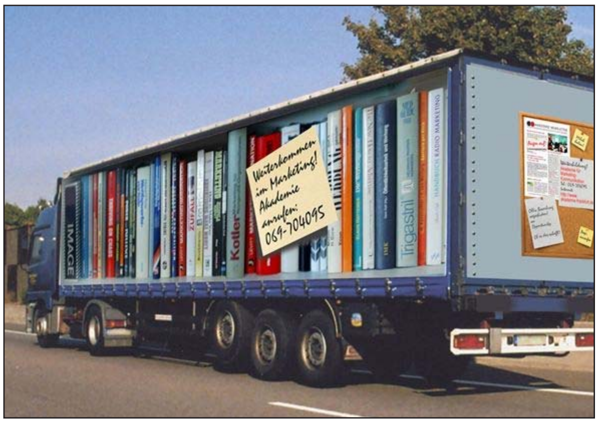
OUTLOOK

Although we have raised the concern over the relative valuation of consumer goods companies, particularly those perceived as 'defensive' by the market, there are still many attractive businesses to own. The abundance of capital and the support of private equity groups continue to underpin the valuations of businesses that generate reliable cash flows. In the short-term, this does not appear to be changing. The reach of private equity, whilst seemingly unlimited, is still biased towards the smaller companies potentially leaving opportunities and areas of neglect in the larger companies.

We continue to have an interest in companies that can develop opportunities with the emerging consumers of Asia. It is fascinating to observe the different approaches and at times the inherent contradictions, as companies react to both the different demands of operating in Asia and their attempts not to replicate their past errors in the Western markets. Too often we find companies that we decide not to invest in due to the poor position of their Western business even though their Asian business might be progressing exceptionally well.

German Truck Art

Advertising has no limits!



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), 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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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.