Platinum International Brands Fund

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Disposition of Assets

REGION	SEP 2010	JUN 2010
Europe	36%	36%
Asia and Other	34%	34%
North America	6%	7%
South America	6%	5%
Japan	5%	9%
Cash	13%	9%
Shorts	7%	9%

Source: Platinum

Performance and Changes to the Portfolio

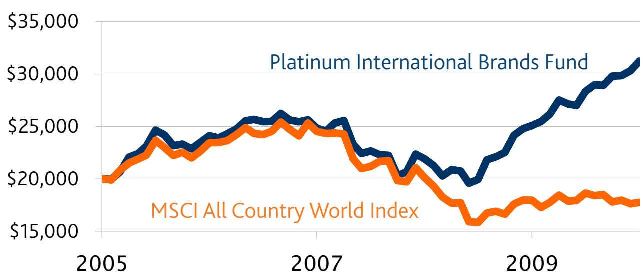
The Brands Fund returned a robust 4.8% for the quarter in an environment characterised by ongoing uncertainty, as reflected in the essentially flat outcome for the MSCI All Country World Index at -0.3%. That the MSCI is flat belies significant moves, notably in the currency markets with the decline of the US dollar and concomitant declines in the Japanese equities market.

The Brands Fund has relatively little direct investment in the US, however, many of the Fund's companies continue to view it as an influential part of their business. Certainly the revenue derived from the US for European consumer companies is often material, subject to translation effects and readily identified in the company reporting.

Less obvious might be the impact of global supply contracts written in US dollars, as in the case of Adidas, or that BMW's US factory is running at full capacity to meet global demand. BMW's factory in Spartanburg, South Carolina may not spring to mind as the place to make autos in the world, yet over 70% of the production is exported, some one million vehicles since the factory started operations.

Value of $20,000 Invested Over Five Years

30 September 2005 to 30 September 2010



Source: Platinum and MSCI. Refer to Note 2, page4.

Twelve month performance of the Brands Fund continues to be strong at 24.6%, in comparison to the MSCI World Index which shows a decline of 1.2%. The Fund has not been particularly well-positioned for the rise of the Australian dollar and the short positions have also cost performance.

On a regional basis the Fund's investment in India, Italy and Hong Kong performed well whilst those in Japan suffered declines along with that market. The Fund had reduced its holdings in Japan at the beginning of the quarter.

The Fund has been adding opportunistically to existing positions, mostly in developing markets.

Commentary

The austerity packages being promulgated across Europe with headlines such as 20% unemployment (Spain) have resulted in a degree of scepticism and cautiousness by both the management teams and investors. This has provided some opportunities for the Fund as an undue weighting is given by commentators to the weakness of domestic markets and insufficient consideration to the growth in other parts of the world. Pernod Ricard (beverages), for instance, reported that the "new economies" are now a larger part of their business than either Europe or the Americas in both sales and profits.

Last quarter, our commentary highlighted the improbable performance of BMW against a plethora of negative headlines. This performance has continued with the stock up a further 20%, as the impact on earnings of incremental demand from China is yet to be fully appreciated. The propensity of the financial markets to short-term thinking seems to have precluded the possibility that incremental demand, together with new model launches, might continue for much longer than is being discounted in the share price.

We also highlighted Serm Suk, the Thai bottler for Pepsi where we declined an offer from Pepsi to buy our holdings. Serm Suk's shares have continued to trade well-ahead of the offer price from Pepsi. It is perhaps interesting to note that it is not necessarily going to be the exclusive domain of our emerging market holdings that provide interest to acquisitive multinationals in search of growth.

We were therefore not overly surprised to receive a bid for our holdings in SSL Ltd from Reckitt Benckiser, at a 33% premium to the market price, which we duly accepted. Recent acquisitions by SSL in emerging markets and factories in India and China give Reckitt a world-leading position and expeditious access to growth in emerging markets. We suspect that there is interest in some of our other holdings that are listed on Western exchanges.

For an acquirer, the drag of accumulating a Western market domestic business can be readily justified by the opportunity to cut overheads, and eminently sensible if the acquired business provides a fast track to one of the significant Asian markets. Compared to the meagre returns from a cash rich balance sheet and the difficulties of establishing a leading position in far away lands, the attraction of buying over building will be irresistible to some.

As expected, the Fund has found that new investment opportunities at compelling valuations are far less abundant in the Asian markets, as the dichotomy of growth between East and West is expressed in the financial markets. Whilst appreciating the enduring trends of the underlying growth in these young economies, the Fund has preferred to seek areas of neglect where the markets have apparently lost interest or hope.

Enterprise Inns is the owner of approximately 7,100 tenanted pubs in the UK and has been struggling under the weight of £3.3 billion of debt in an environment where rising unemployment, smoking bans and economic malaise has made trading extraordinarily difficult. The company has been selling pubs, prima facie not the easiest of activities, as it renegotiates and restructures its debt. On an earning basis we have been able to buy this stock on a price multiple of less than four times and with a degree of comfort in the asset backing. Recent valuations of the pub estate, evidentially supported by the sale program, show an asset value of more than £5.3 billion.

The share price having fallen from a peak in 2007 of nearly eight pounds to less than one pound indicates an equity value of £500 million, a fraction of the implied net asset value of the company. With the debt now restructured and manageable in terms of cost and duration, we look forward to earnings reflecting the recently implemented improvements in operational activities. Perhaps also, over the course of time, benefiting from an improvement in the economics of the UK. Albeit in the near-term, this might only be achieved by an influx of tourists from a country with an appreciating currency.

Outlook

The underlying trends continue with relatively high unemployment in the US and European consumer markets making those markets inordinately difficult compared to the ebullient consumer markets of the East. It is somewhat easier to be enthused about paying a premium for growth and to enjoy the reinforcing news flow than to try and develop conviction in companies announcing that stable results ie. the absence of a decline, is a good outcome. As always it is a matter of price with the Fund continuing to look for, and finding, areas of neglect or under appreciation.

We would continue to highlight the prospect of ongoing merger and acquisition activity as the global growth imbalances bear directly on the outlook for many companies. Unemployment, and the consequential machinations of governments to weaken their respective currencies, will continue to be significant both for corporate management and for the Fund.

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$20,000 invested in the relevant Fund over five years from 30 September 2005 to 30 September 2010 relative to their Index (in A$) as per below:
   Platinum International Fund - MSCI All Country World Net Index
   Platinum Unhedged Fund - MSCI All Country World Net Index
   Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index
   Platinum European Fund - MSCI All Country Europe Net Index
   Platinum Japan Fund - MSCI Japan Net Index
   Platinum International Brands Fund - MSCI All Country World Net Index
   Platinum International Health Care Fund - MSCI All Country World Health Care Net Index
   Platinum International Technology Fund - MSCI All Country World Information Technology Net Index
   (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

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

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