PLATINUM INTERNATIONAL BRANDS FUND

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Portfolio Manager

PERFORMANCE

The International Brands Fund gained 3% in the quarter compared to the Fund's benchmark, the MSCI World Index, which returned -1%. Over twelve months the Fund has maintained a low level of hedging against the appreciating Australian dollar thus detracting from performance. The MSCI World Index returned 0.2% for twelve months whilst the Brands Fund returned 3.3%.

A modest level of short positions against the French CAC index and at times against the Indian Nifty index provided some degree of stability against the volatility in the markets but neither position produced positive returns.

The Fund's performance benefited from the takeover of our holding in Grolsch during the quarter at a premium of more than 80% to the average share price over the previous month. Other notable performances include results from Microsoft, which positively surprised a sceptical market at the beginning of the quarter and the performance of LG Electronics where we took the opportunity of a strong run up in the share price to reduce the position.

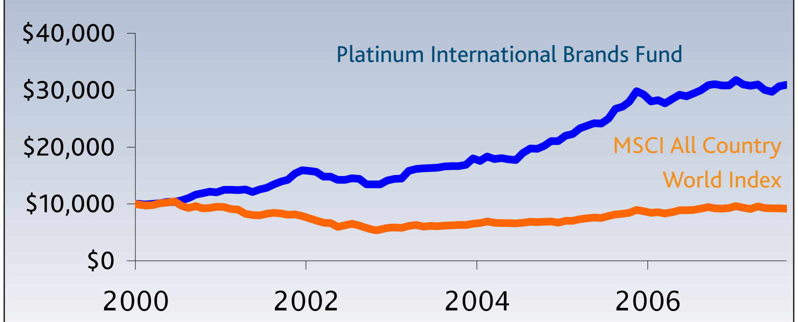
Our investments in Indian branded consumer companies and the development of consumerism in that economy has continued to provide good returns. Despite remaining confident on the growth of the economy and increasing demand for branded goods, the bias, however, has been to sell throughout the quarter as the stocks have generally performed well. The investment in the tobacco company ITC was sold.

DISPOSITION OF ASSETS

REGION	DEC 2007	SEP 2007
EUROPE	44%	39%
ASIA (INCL KOREA)	26%	23%
JAPAN	19%	21%
NORTH AMERICA	6%	7%
SOUTH AMERICA	1%	2%
CASH	4%	8%
SHORTS	4%	6%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 DECEMBER 2007



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

The Fund has been building a position in a leading family owned champagne house, which holds an approximate 6% global market share. Interestingly, the valuation is covered by the assets including some 24kms of caves housing the champagne and with little ascribed to the international earnings potential of the brands. This at a time when the industry is actively seeking "mature inventory" with some of the industry's premium brands being forced to ration supply through price increases. The company's profitability might increase markedly as the product mix shifts towards premium brands and we suspect some years of good earnings growth ahead.

It may be interesting to note that China is just discovering champagne, particularly in the business community and international hotels, albeit only a meagre 60,000 cases are currently being consumed!

After many years of splendid returns the Fund sold its investment in the chocolatier Lindt and Spruengli and may revisit this company at more appropriate valuations.

COMMENTARY

There is a great deal of pessimism expressed about the financial capacity of US consumers to maintain their prodigal expenditure in the face of numerous headwinds; rising mortgage payments, credit card payments that can no longer be funded from home equity withdrawals and rising energy and petroleum costs. We have long expressed views on this subject and accordingly the Brands Fund has been particularly circumspect when evaluating the extent of involvement by our companies in the US market. So whilst not immune from the impact of a slowdown by the US consumer, the Brands Fund is not unduly exposed.

Although we have expressed our reservations and concerns to the management of our companies regarding their overt enthusiasm for participating in North America, we are regularly rebuffed. They continue to point to the size of the market and the importance of participating successfully for the credibility of the Brand. Interestingly, and perhaps with a high degree of selection bias on our part, many refer to their US activities as "emerging".

A number of the Fund's investments can be recognised as having similar attributes to those underlying our investment in Grolsch. Such attributes include being family owned, relatively new senior management (quite often from outside the family), a strong balance sheet and a focus on the cash returns of the business. More interesting is the temporary setback in earnings that each of these companies has incurred for a variety of reasons and perhaps a lack of recognition by the market of the longer term earnings potential of the brand. It might be assumed that this description only applies to smaller companies, of which the Brands Fund has several "hidden gems", but such a description could also aptly describe some of our larger companies such as BMW and Estee Lauder.

Grolsch had undertaken the building of a new state of the art brewery at the same time as their home market had become difficult, thus depressing the share price. As we accumulated shares we determined that we were paying little for the earnings potential of the brand, especially considering the international possibilities and the desire of the major brewers for uniquely positioned premium product. SABMiller in their acquisition of Grolsch have acquired a modern, under-utilised brewery with a brand built over 400 years that can be rapidly expanded in their international markets, especially the Dutch heritage South African market.

We remain enthusiastic about the prospects for SABMiller with more than 80% of earnings from near monopoly or at least leading positions in emerging markets and at a valuation that compares favourably with developed market beverage companies, including that of the major Coke bottlers who don't have the potential earnings growth and pay a rent for the use of a brand!

It may also be worth noting that SABMiller has one of the most successful joint ventures in China and can now claim that the Snow brand is the market leading beer brand in China and in the top three rankings by volume globally. How long before we start to hear of the Snow brand as a significant international beer brand available in hundreds of countries? Perhaps we might also imagine that the Chinese Sovereign Fund might consider full ownership of a successful international Chinese brand?

OUTLOOK

The Fund is fully invested with cash levels relatively low and yet there remains a willingness and opportunity to increase many of the investments. The operational outlook for a number of our companies remains robust with reasonably attractive valuations despite the worrisome headlines. We remain confident in many of our investments although clearly they will not be immune from any overall market sell down.

In its enthusiasm for chasing spectacular growth, that is pursuing high growth companies in emerging markets on equally spectacular multiples, the market appears to have neglected some very well managed premium branded companies on modest valuations producing what used to be considered good growth in earnings. We suspect that these will be rediscovered as some of the enthusiasm for the risk inherent in emerging markets is brought into question and the need for a higher risk premium evaluated.

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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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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