Platinum International Brands Fund

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Disposition of Assets

REGION	DEC 2012	SEP 2012
Europe	35%	33%
Asia and Other	28%	26%
North America	7%	8%
Latin America	7%	7%
Japan	4%	6%
Africa	1%	1%
Cash	18%	19%
Shorts	6%	7%

Source: Platinum

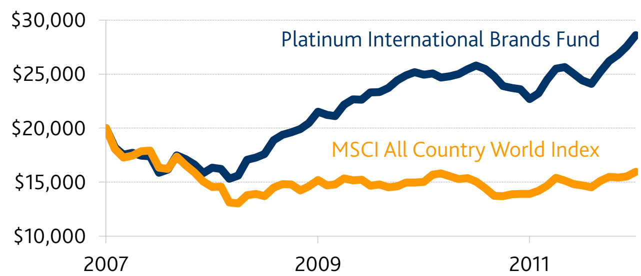
Performance and Changes to the Portfolio

The Brands Fund rose 9.2% in the quarter ahead of the 3.1% return made by the MSCI World Index. The 12 month performance of the Fund at 26.1% was significantly ahead of the Index.

The Fund's holdings in India continued to make gains with United Spirits gaining from the involvement of Diageo. Also in India, Jet Airways along with some other of the Fund's positions, benefited from an increased interest by foreign multinationals in expanding their presence in India.

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



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

In Europe, the performance was varied with holdings in the UK performing well, notably the investment in Enterprise Inns, while those in France and Germany mostly detracted from the performance. BMW stood out as an exception with a gain of more than 20% in the quarter.

Other notable contributors to performance this quarter include Grendene, a Brazilian footwear company and Vietnam Dairy, both of these highlighted for their performance in the last quarterly report. Over the 12 months, Grendene doubled in value and Vietnam Dairy gained more than 60%.

The only other significant change to positions in the Fund was to sell the investment in Japanese snack food company Calbee, having seen an 80% rise in the share price since the stock was acquired in February.

Commentary

The quarter has been characterised by an increase in activity by multinationals in several of the Fund's emerging market holdings. The interest in United Spirits by Diageo has been the subject of speculation and debate for several years and is perhaps less indicative of any underlying trends or signposts to future developments.

However, this wasn't the only holding of the Fund to benefit from such external factors. Typically, in periods of increased uncertainty and recession there is the inevitable and necessary process of reorganisation, retrenchment and purging of the excesses of the previous expansionary phase. This is often accompanied by substantial changes in the ranks of senior corporate management which, post the house-keeping, provides for the development of new plans and objectives.

There seems to be an increasing willingness by companies to take advantage of the current very low cost of debt funding and to pursue opportunities in growing markets. Whether that is by acquisition or joint venture, the stronger companies are starting to make use of their competitive advantages. There are tantalising signs that the reluctance of company boards to engage in planning for the future, as opposed to reworking the past, is thawing, with commentary appearing about where the opportunities might be for both lower costs and growing markets.

The cautious approach is plainly still evident with a propensity for management to prefer the safer options of expanding joint ventures or increasing their interest in existing subsidiaries or associates. In this respect, the Fund has two investments where the parent company is seeking to increase their stake, in one case to fully delist the subsidiary.

The fundamental consideration, whether by investors or corporate management, is to identify which consumers, and where, are in a position to provide some growth opportunities of substance. On the one hand in some emerging markets there is still a migration from poverty giving rise to opportunities to provide basic household items. At the other extreme, there is the indulgence of new found wealth with luxury brands. Interestingly, the middle classes in these developing markets are giving rise to extraordinary extravagence in the purchase of cars, cosmetics, technology and a host of consumer products that would have been considered improbable only a few years ago.

The choice for this Fund is whether to gain exposure to these consumers through an investment in a multinational or directly into an emerging market. The Fund's approach has been to pursue both avenues depending on the balance of price and risk. Indeed, within the quarter the Fund added to its holdings in Casino, the French listed retailer with a majority of earnings from Latin America and Asia.

The Fund has also held small positions in Zimbabwe, the brewer Delta being the main holding. In considering the viability of investments in such markets, ranging from Zimbabwe to Pakistan, the Fund has sought those companies where there is a multinational involved and some degree of reporting creditability and supervision.

In keeping with this, the Fund has started to accumulate two more holdings in Africa, outside of Zimbabwe. There has been something of an exponential change in the purchasing power of the African consumer. We believe this is driven by several factors: substantial foreign investment in infrastructure to meet the burgeoning demands of the resource industries; massive new discoveries particularly in energy; and the facilitation by the Internet and mobile devices of access to information thereby empowering both financial and labour mobility.

The adoption of mobile phones, at a phenomenal rate, has facilitated a growth in consumer transactions that were previously denied or at least tediously difficult. As an example, the 'M-Pesa' system operated in Kenya facilitates the transfer of funds across the mobile network such that money can be easily transferred back to families in remote towns or villages. Shop, or rather local kiosk style vendors, can accept payment for low value transactions through the system, thereby obviating many of the current difficulties with lack of physical currency and the giving of change.

To provide some perspective on this, the company operating 'M-Pesa' notes that transactions *between* customers on the network are growing at 32% pa! Whilst this is a transaction flow, the quantum of these are, by comparison, equivalent to some 30% of Kenya's GDP.

Outlook

The Fund has recently benefited from the willingness of market leading companies to utilise both their operational and financial strength to increase their access to growing markets, albeit in relatively conservative ways. The opportunities to invest with, or ahead of, multinationals in growing markets continue to be available and at prices that are relatively attractive; especially when compared to the valuations on offer for some of the market's favoured iconic consumer defensive stocks.

Notwithstanding the recent strength in the equity markets, there remain significant hurdles and challenges to be addressed in the major markets. Accordingly, given that this may well result in a degree of volatility in the markets, the Fund will continue to maintain a cash balance that is perhaps higher than the level of confidence or investment opportunities might suggest.

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$20,000 invested in the relevant Fund over five years from 31 December 2007 to 31 December 2012 relative to their Index (in A$) 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.

3. Long invested position represents the exposure of physical holdings and long stock derivatives. The net invested position represents the exposure of physical holdings and both long and short derivatives.

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