PLATINUM INTERNATIONAL HEALTH CARE FUND

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Portfolio Manager

PERFORMANCE

RNA interference (RNAi) and other tools used in molecular biology as well as clinical development (human testing) gained traction in labs and this was reflected in the performance of the associated shares. Further, companies that have recently started to sell new diagnostic tests are now seeing the benefits in their financial performance.

The Platinum International Health Care Fund advanced 2.8%, while the MSCI Health Care Index declined 2.6%.

A number of our small holdings saw their products delayed by the regulators but we believe it is only a matter of time before the rewards are forthcoming. We have seen many times that these investments pay off in the long-term. Incyte, one of our holdings, is an example of delayed gratification. Last year a late stage drug was terminated, this quarter the company reported positive results for several new drugs with the next step being a partnering deal (the stock almost doubled over 12 months).

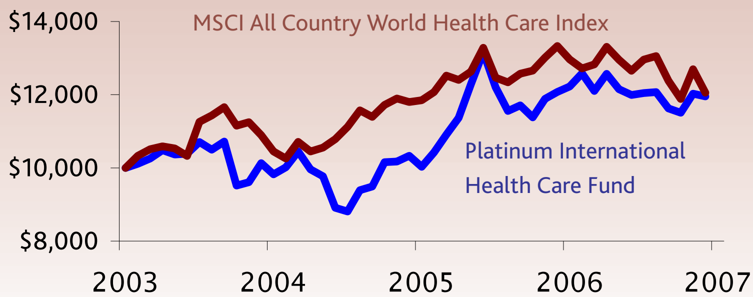
The activity in the drug development laboratories of small or big companies continues unabated and R&D spending has not faltered; something that is evident in the strong performance of our R&D tool providers, Invitrogen and Caliper. Both companies sell products or offer services that make the experiments in the labs possible.

DISPOSITION OF ASSETS

REGION	SEP 2007	JUN 2007
NORTH AMERICA	54%	55%
EUROPE	23%	25%
JAPAN	6%	4%
ASIA (INCL KOREA)	3%	3%
SOUTH AMERICA	1%	2%
CASH	13%	11%
SHORTS	1%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 30 SEPTEMBER 2007



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

The interest by pharma in new drug technologies, such as antibodies and RNAi also remains high. Alnylam, one of our longer standing RNAi holdings, continues to add new partners and has now accumulated a very impressive cash balance. Similarly, antibody-maker Xoma had a good quarter and added Pfizer to its list of licensing partners.

In their efforts to expedite clinical development of new therapeutics, pharma is increasingly looking towards Clinical Research Organisations (CROs) to assist in running clinical trials and managing data. Icon, one of our CRO holdings, has excelled at keeping to time schedules and on account of its global presence it has enjoyed superior pricing power.

CHANGES TO THE PORTFOLIO

Announcements of alliances in biotech can have a significant effect on a company's valuation. Alnylam is a good example, the share price doubling in the past three months alone as the company entered a broad partnership with Roche. As this lifted the portfolio's weighting disproportionately, we trimmed the position and added another emerging RNAi player.

Easy access to capital markets and finding supporters who are willing to take risk has become more restrictive and thus we exited or reduced our exposure to companies that have weak financing prospects on a three year view. At the same time, we increased our exposure to companies that have strongly growing products and are financially independent. In line with this thinking, we started to add UCB, a Belgian–based biotech to the portfolio.

UCB used to be a chemical-pharma hybrid but is step-by-step emerging as a pure biotech. The company has a solid position in the treatment of epilepsy and has a strong late stage pipeline in this area as well as drugs to treat autoimmune disease. Earlier this year the company had a product approval delay and investors became cautious on the speed of the transformation from chemical to pure biotech. However, we see a lot of value in the company's neurology expertise and the pipeline, particularly when one takes a long-term view.

COMMENTARY

In managing the portfolio we have a wide range of opportunities. On the one hand, we have traditional style big pharma, with solid balance sheets and steady income and on the other, there are companies that face challenges but perhaps greater opportunities. This quarterly hopefully provides insight into the different themes we feel strongly about.

Big pharma and one generic company represent a big part of the Fund (over 20%). A trend among them is the revamping of their R&D engines and pipelines and some are diversifying their product offering.

The past couple of years have seen a renewal in commitment to R&D on the understanding that longer-term prosperity for product differentiation lies in the labs rather than on the backs of an army of sales reps. Johnson and Johnson as well as Novartis have put together pipelines that have probably never been so full. Both companies have also invested in other health care products; JNJ has a strong history of diversification, while Novartis has more recently added generic products, vaccines and diagnostics to its offering. Over the coming year their strong R&D efforts should become visible. For JNJ the past few weeks have already provided a glimpse of the profile of some new drugs, while Novartis received approval for a number of new products.

Diagnostic along with Life Science Tool companies make up almost 25% of the portfolio. The majority of our holdings are profitable or about to reach profitability and as such are less likely to depend on a single product. There is a diverse set of companies within this segment; some offer specific technology that allows very early and precise diagnosis of cancer, others sell testing instruments or provide a whole array of tools to the discovery scientist.

Companies with technical expertise and equipment to manufacture complex biological molecules, such as antibodies or vaccines are also part of this sub-segment. In our opinion growth of bio-manufacturing will continue as big pharma and generic companies embrace biologics as a therapeutic class.

Biotech is a wide ranging sector and offers a lot of divergent investment opportunities, ranging from big, highly profitable biotechs to small, one drug companies. The Fund holds a mixture of these companies (over 20%; 18 companies) with increasing emphasis on profitable companies. For early stage biotechs we particularly like those that have recently started to sell products, have large pipelines, strong cash positions, preferably a late stage drug opportunity, and most importantly know how to engage big pharma. This quarter, Ariad a long standing holding, has entered an alliance with US pharma Merck. The deal is for Ariad's new cancer drug and could be worth over $1 billion. A significant event for a company that has a capitalisation of ~$330 million.

About 9% of the portfolio is invested in companies that have special knowledge in new drug classes, such as biologics. Pharma and biotech alike see great attraction in biologics, as their failure rates during clinical development (human testing) tend to be lower. These molecules are produced by fermentation and mimic a natural mechanism. The desire to have access, preferably exclusive access, to these new technologies remains strong and will also foster further consolidation in this space.

The remaining part of the portfolio holds a mixture of companies with the majority generating money and expanding their product offering. These include medtech, consumer health and service companies. An example within this segment is Elekta, a Swedish company that makes equipment for minimal invasive radiation therapy which is increasing its global footprint progressively.

OUTLOOK

The US pharma companies will benefit from the weaker US dollar, a nice positive at a time when the old products are slowing and the new additions have not gathered enough speed. With a number of R&D days showing progress at some companies, while others are facing further delays, we are reassessing our big cap holdings.

We will continue to watch the progress of new approvals in the US and EU as the discrepancy between the two is quite unusual. The EU regulator is taking a much more positive view with new drug approvals (eg. Novartis new diabetes drug), while the US is extremely cautious, stalling the same drugs.

Some of our biotech holdings are engaged in partnering discussion and positive outcomes should benefit their balance sheets in the months to come. The appetite for biotech assets remains high and the payments being made for securing access to new early stage drugs are remarkable. Some recent deals for early stage (pre-phase 1) access have payments as high as $1 billion (paid over 6 to 8 years) associated with them. In addition, success will be rewarded with royalty payments.

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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