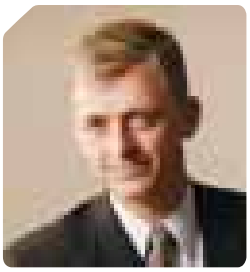
PLATINUM INTERNATIONAL HEALTH CARE FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Platinum International Health Care Fund experienced a busy quarter, achieving a return of 5.6% compared to the MSCI World Health Care Index of 6.1%.

A mixture of activity, including legal decisions, progress of pipeline products, new drug approvals as well as a myriad of acquisitions and licensing alliances contributed to the excitement.

Overall, the focus of the quarter was on larger well-known biotechs, with the major pharmaceutical companies making only slow progress. However, several events during the quarter indicated that companies such as Pfizer and Merck are still able to conjure up the odd surprise against a backdrop of negative sentiment. Pfizer, being in a strong financial position, increased its dividends and successfully defended its US Lipitor patents against a challenge by the Indian-based generic producer, Ranbaxy.

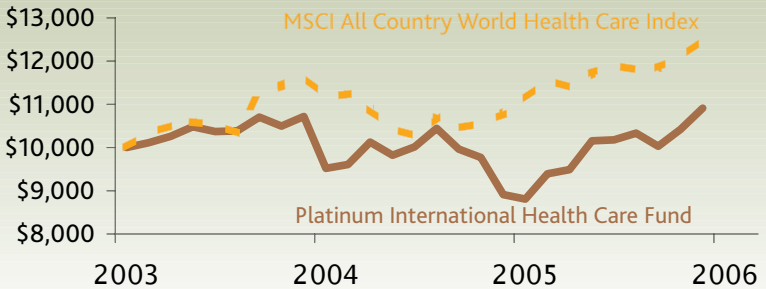
Lipitor, prescribed for lowering cholesterol, generated around $US12 billion in sales in 2005 of which more than $7 billion was in the US alone. Successfully defending these patents (through to 2011) provides the company with significant financial flexibility. With the patent challenge resolved, Pfizer will continue to focus on the progress of its drugs through development and the regulatory agencies. We also anticipate, in keeping with antecedence that the company will be enthusiastically reviewing their in-licensing and acquisition pipeline.

DISPOSITION OF ASSETS

REGION	DEC 2005	SEP 2005
NORTH AMERICA	57%	57%
EUROPE	23%	25%
JAPAN	8%	4%
OTHER ASIA (INCL KOREA)	2%	2%
CASH	10%	12%
SHORTS	0%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 31 DECEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 5.

At Merck, developing drugs still remains a priority. The annual R&D day in December offered some surprises with drugs in late-stage development and promising messages that the company is actively addressing the challenges to come. Across the industry, many annual company meetings showed encouraging signs that R&D engines are productive and in-licensing opportunities can blossom. Even a hint of pride can be noticed as each company highlights its individual approach and progress towards emerging from the doom and gloom of the last couple of years.

A significant part of the strategy of the larger companies consists of licensing and acquisition of new drugs as well as technology. Evidence of both was obvious during the quarter with some of our companies successfully out-licensing compounds still in development while one of our investments, Abgenix, was acquired by Amgen. Both companies have been partners for some time developing Abgenix's lead human monoclonal antibody Panitumamab for colorectal cancer.

Finally, throughout the quarter, US regulators assessed several new drugs, including inhaled insulin, vaccines for infectious diseases, targeted therapies for arthritis and cancer. Some received approval, others are awaiting a response over the next few weeks.

CHANGES TO THE PORTFOLIO

Abgenix, one of our largest positions has been acquired by Amgen. A sensible decision as Amgen not only gains access to an important drug; the purchase also included manufacturing capacity as well as a *transgenic* mouse capable of producing *human* monoclonal antibodies. We have visited Abgenix on several occasions over the years and even had some fun meeting the mice! More relevant though, Amgen has now purchased two companies that we held as significant investments for a number of years, giving us a good insight into Amgen's potential pipeline.

Besides this forced divestment, we are following our theme of translational and experimental medicine and increasing some of our investments in tool and technology providers. We also added a new position in a Life Science tools and services supplier. This particular company has actively focused on expanding into the commercial pharmaceutical and biotechnology market, becoming less dependent on government R&D budgets. In addition the company is advancing in the area of biomarkers with some leading hospitals.

With the market's focus on large, well-known biotech companies we were able to investigate some much unloved drug developers, offering us new opportunities. Some have been a victim of short term thinking by investors whereas others have had a setback of a compound in early development with a market valuation now assuming limited or no success longer term.

COMMENTARY

Low productivity, attrition rates, genomics, proteomics, health economics, safety, biotech have all been part of this year's R&D days. A year ago it was safety and more or less early-stage drug candidates; today it is definitely the progress of the pipeline and the long term perspective. Pipelines are being filled on an ongoing basis, investment into new technologies is maintained and the regulatory and economical challenges are being addressed.

No longer is the physician the most important customer, the patient along with the payers (Pharmacy Benefit Managers, Formulary managers) are taking centre stage requiring companies to add a competitive "twist" to drug development. Outcome studies, such as a reasonable impact on survival when compared to current treatments, are becoming central to the potential of new drugs. Past practice has seen drugs approved with placebo comparatives and little or no benefit over existing treatments. There

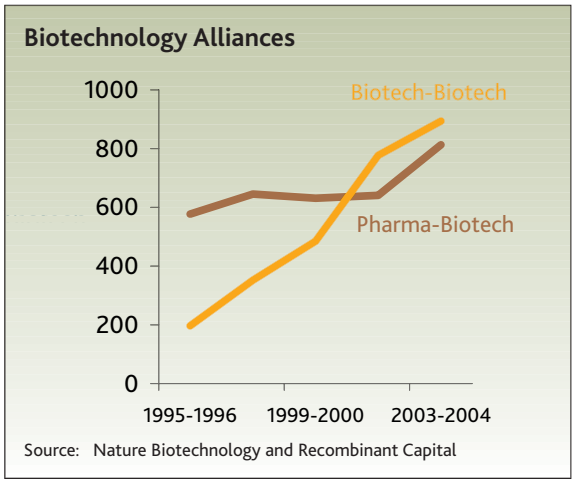
may well be a commercial role for 'fast follower' drugs; however, we are more encouraged by the emerging focus on producing products that are compelling to all the participants in the health care chain. We have been pleased to see the development of compounds stopped, even in late stage testing, for reason of competitive inadequacy.

This year's presentations along with the type of drugs that are being newly approved by regulators and the subtle changes in how the R&D budget is being applied highlight to us some of the achievements being made.

A major emerging theme is long term thinking and *quality* rather than *quantity*. Drug developers invest strongly in time and technology to understand the underlying biology of a disease as well as to verify a drug's mechanism of action early in development. While previous R&D spending had gradually shifted towards clinical development (~60% of total R&D spend in the late 1990s) at the expense of discovery research, the allocation of money in recent years has been more balanced between the two. In particular, early stage human testing is aligning more closely with drug discovery with the aim of making more educated yes/no decisions early on in development.

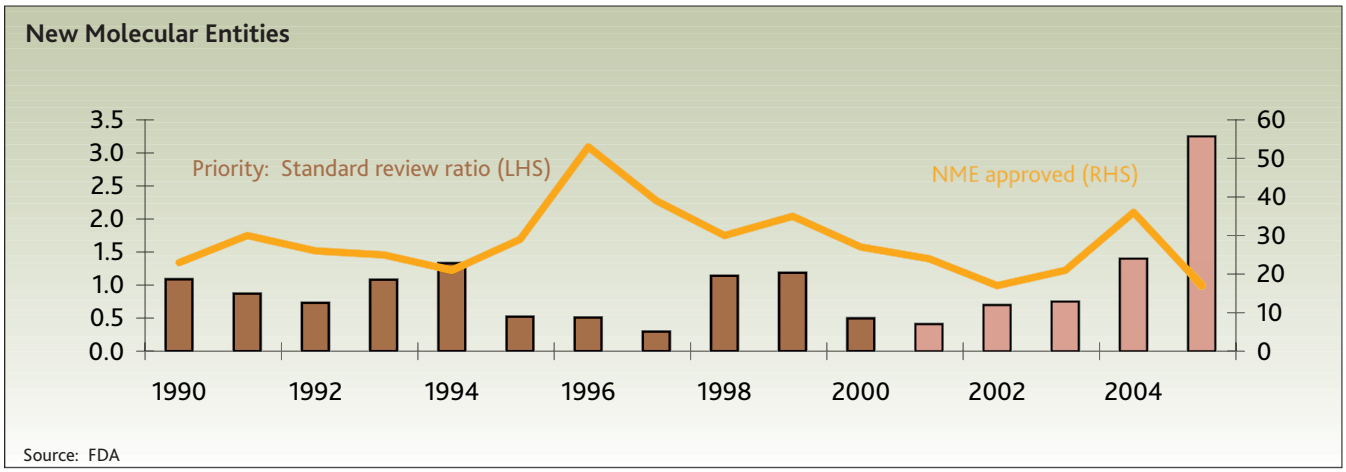
The "business development" component is an increasingly crucial long term consideration. **While in the 1970s 'big pharma companies' generated over 75% of drugs in-house, today it is about 40%.** Licensing drugs in the late stages of development has been preferred, presenting an expeditious solution to the barren pipelines and large sales forces. However, there are indications that early to mid-stage products will become more important, providing the opportunity to influence the development path of a drug and ensuring that R&D operations can continue and remain competitive.

Interestingly another trend worth keeping in mind is that the biotechnology industry is growing in size, knowledge and products. The industry is clearly showing signs of emerging from the loss-making experimental years with many more companies starting to see their focus migrate from the lab to commercialising their products and technology. As a consequence deals between biotech peers are also rising as is the cost of entering these deals.



The number of alliances between biotechnology companies has grown more strongly than between biotech and pharmaceutical companies.

To add perspective to these observations, the past model of biotech acting as an engine of innovation and 'big pharma' providing financing, development and regulatory skills, is changing as is the "do-it-alone" mentality. Today healthy competition along with strong relationships between the two is emerging. These dynamic changes are apparent in the industry; exploring the complex networks of companies adds to the overall understanding and is often underestimated. The important long term question, however, is whether it will result in increased productivity and development of better and safer drugs. Without being too optimistic, the FDA's assessment of "priority review" for New Molecular Entities continues to be encouraging; indicating that at least in the eyes of the FDA the quality is improving.



OUTLOOK

Pipelines have advanced to an important stage (proof-of-concept studies or beyond) with a myriad of data anticipated in the next two years. Commercially, competition is anticipated for the "1st generation" of targeted cancer drugs that are already on the market and the dynamics of this progress will be important to monitor.

Several drugs with some safety worries attached are awaiting regulatory decisions, the outcome of which will provide guidance for the industry. Also closely watched will be the drug pricing debate in the US, especially with the start of the Medicare Drug Benefit scheme.

Overall there are exciting times to come with 'big pharma' more confidently showing their individual approaches to product renewal and the biotechnology industry clearly pleased with their emerging maturity. Whilst we have focused the commentary on drug developers, we are also active in evaluating investment opportunities in other areas of health care such as service providers, medical devices and hospitals.

Simon Trevett and Bianca Elzinger

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 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.