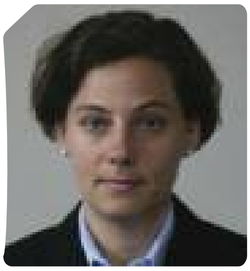
PLATINUM INTERNATIONAL HEALTH CARE FUND



Bianca Elzinger
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

The Platinum International Health Care Fund increased by 0.6% for the quarter versus the MSCI Health Care Index which was up 5.6%. For the year, the Fund rose 7.6% while the index was negative 7.4%.

Several of our biotech holdings continued their recovery. Similarly, our pharma holdings did well and the companies are finally re-inventing themselves. **Merck** now fully owns Schering Plough and already during the quarter, the share price has started to account for the potential of the combined companies (up 15%).

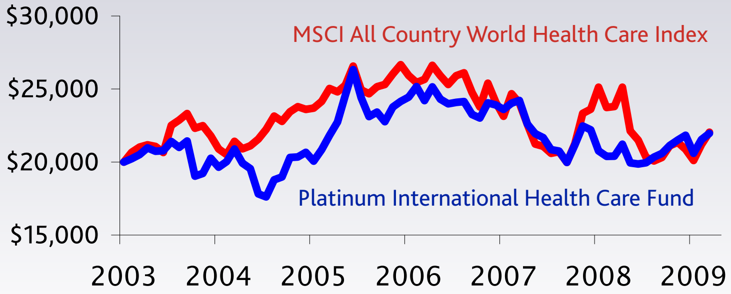
The new CEO of **Sanofi-Aventis is** a man true to his word. He indeed is deploying capital fast. This year alone, the company has spent more than €4.2 billion in acquisitions for approximately €1.1 billion in sales. The purchases expand the Company's manufacturing and sales infrastructure in India, Brazil, Mexico and Eastern Europe. Analysts are struggling with the complexity of "new pharma" as it is no longer possible to get away with simply modelling US prescription drug data. It is now about the Company as a whole and the decisions and capacity of management. We have said this many times: the pharma

DISPOSITION OF ASSETS

REGION	DEC 2009	SEP 2009
NORTH AMERICA	**49%**	**47%**
EUROPE	**33%**	**32%**
JAPAN	**1%**	**0%**
CASH	**17%**	**21%**
SHORTS	**0%**	**0%**

Source: Platinum

VALUE OF $20,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 31 DECEMBER 2009



Source: Platinum and MSCI. Refer to Note 2, page 36.

industry is about cashflow - deploying it, managing alliances, finding that great small biotech, diversifying into areas such as vaccines and on top, gradually building a presence outside the US. This is all work-in-progress, but we believe that once the patent cliff in 2012 has passed (for some companies this is similar to a rebalancing event), this myriad of activities accomplished today will bear fruit, and the earnings potential of the new product portfolios is underestimated. As such, during the quarter we added to **Johnson & Johnson**, **Merck**, **Sanofi-Aventis and Novartis**. At the same time we added to highly cash generative biotechs with commercially oriented sound management and interesting pipelines that are being ignored.

We are also revisiting the clinical trial service companies as these companies are on low historical valuations and drug development is about to re-accelerate.

By way of example, let's look at a multi-year investment which has displayed massive volatility, particularly in the last three years, **Incyte Pharmaceuticals**. Shares have recovered well over the year (up 150%) and today Incyte is in the best position ever to transition from an R&D company to a commercial one. We have written about the company and the potential of its JAK inhibitor in previous reports.

When we first visited the company (almost five years ago) in Wilmington near Philadelphia, we were met by an impressive management team comprised of seasoned pharma veterans. It was clear that management was fully aware that success in drug development requires much more than great science. It is about the quality of the drug, the quality of clinical development and knowing what patients require. A lot of small biotechs tend to be in a big hurry; they focus all their resources on one drug and often cut corners during clinical development. Subsequently they wonder why big pharma is hesitant to complete a deal. At Incyte it was obvious that it is quality not quantity that counts. Management had no illusions that there would be setbacks along the way, so having a pipeline was absolutely essential.

Five years ago the lead drug for Incyte was an HIV drug. It was an old "pet project" of the CEO and was originally developed by his previous employer. Unfortunately the drug succumbed to side effects. For many biotechs such an outcome means near bankruptcy. Incyte quickly shifted focus to their pipeline and avoided the dark consequences.

The HIV drug was never our sole investment criterion; we recognised that the core strength of the company lay with the team, and in particular, the understanding and expertise of biological processes and medicinal chemistry. We felt these are capabilities that pharma would come to value, even if the market did not.

In the past four years, Incyte has worked very hard and put together a remarkable pipeline. This month pharma finally recognised it. Novartis gained European rights for a cancer drug, while Eli Lilly licensed global rights for an anti-inflammatory drug. The total deal value, including up-front and milestone payments is well over $1.5 billion (on top will be 10% to 30% royalties on sales). Incyte is currently valued at $1 billion and has a solid cash position (around $600 million) to enable it to build its own distribution in the US.

Incyte has been a core small biotech holding for us. At times we do trim our position but to us it is a company that has a real chance of having a product approved in the next two years.

OUTLOOK

The political chatter in the US has clouded clear decision making in the past 12 months but finally there is an end in sight. This year, investors will be more comfortable with the sector. Pharma will continue its reinvention and we see a re-rating of specific companies within this sector once investors start looking beyond the 2012 patent cliff. Small biotechs will continue to benefit from pharma and big biotech R&D outsourcing.

Another outsourcing beneficiary will be the clinical research service sector. Bookings have been in decline this year but it is clear that this is temporary. We are currently reassessing this sector as the companies are on low historical valuations.

Over the past few months we have become interested in Japanese-based pharma and generic companies. A few of the these pharma companies do generate significant cashflow, have completed some smart deals in recent years and pay a very respectable dividend. One could consider these companies similar to big biotechs in the US. However, the US biotechs do not pay a dividend and their investment story is very well understood; while Japanese based companies are not well analysed at all. Our openness to these Japanese companies is consistent with our investment criteria of good companies in neglected areas.

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$20,000 invested in the relevant Fund since inception relative to their Index (in A$) 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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The Platinum Trust Product Disclosure Statement No. 8 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

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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