Platinum Unhedged Fund

Jacob Mitchell Portfolio Manager

Disposition of Assets

REGION	JUN 2013	MAR 2013
North America	34%	30%
Japan	26%	26%
Europe	23%	22%
Asia	11%	13%
Australia	1%	2%
Africa	1%	1%
Cash	4%	6%

Source: Platinum

Portfolio Position

Changes in the quarterly portfolio composition:

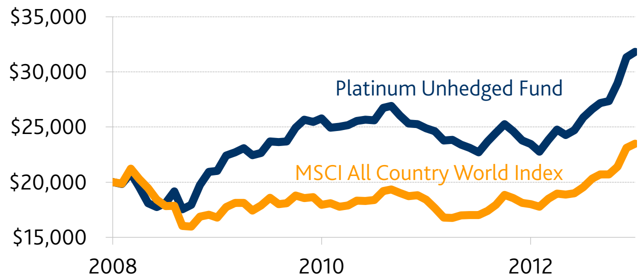
Sector Breakdown

SECTOR	JUN 2013	MAR 2013
Consumer Globalisation (brands, retail etc)	16%	17%
Internet Ubiquity	15%	10%
Technology (software & components)	13%	10%
Emerging World Consumer (locally listed)	11%	13%
Healthcare	11%	11%
Global Financials	8%	6%
Energy and Materials	5%	5%
US Capex Renaissance	5%	5%
Japanese Reflation	5%	7%
Gold	4%	5%
Capital Equipment (yen sensitives)	3%	5%
Gross Long	96%	94%

Source: Platinum

Value of $20,000 Invested Over Five Years

30 June 2008 to 30 June 2013



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

Whilst we build the Fund one stock at a time, it is useful to group these holdings by theme (however, there will always be some specific, idiosyncratic ideas that defy grouping). In this sense, the Fund remains exposed to the following major investment themes, including:

- US capital spending renaissance driven by a globally competitive supply of natural gas.
- "Internet ubiquity", that is, explosive growth in mobile data based services and consumption.
- The rise of local emerging world consumer giants - the West only accounts for roughly 40% of global GDP (purchasing power parity basis).
- Consumer globalisation – Western brands, retailers and service providers positioned for global growth.
- Post-patent cliff pharmaceuticals and personalised medicine.
- Japanese reflation driven by a broad consensus on the need for change.
- Gold - a hedge against a self-reinforcing cycle of competitive quantitative easing (QE) from the three large developed world currency blocks (US, European Union and Japan) where the narrative morphs from necessary monetary easing to government debt monetisation and competitive exchange rate devaluation.

Performance

(compound pa, to 30 June 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Unhedged Fund	16%	36%	7%	10%	10%
MSCI AC World Index	13%	31%	9%	3%	3%

Source: Platinum and MSCI. Refer to Note 1, page 5.

Broadly, the underperformance of emerging markets versus developed markets continues (consistently now over the past quarter, year and three years) with the epicenter of this shock evident in the performance of Chinese A-shares and commodity related currencies and stock markets such as Australia and Brazil.

The Fund has a major exposure to Japan via various themes and it is worth noting the volatile nature of the market's recent performance. Whilst the market in aggregate outperformed global markets over the quarter, as noted in the Platinum Japan Fund quarterly report, the path was somewhat circuitous. We now sense that much of the "hot" money that was front-running the massive Bank of Japan (BOJ) monetary stimulus has been washed-out and a somewhat less volatile, stock-specific market can resume.

Examining 12 month attribution, it was a year of broad performance with almost all of our major holdings and themes making a significant contribution; the exceptions included our gold and energy stocks.

Changes to the Portfolio

We took advantage of the recent pull-back in markets to add to our telecommunication exposed stocks including Ericsson and Cisco Systems; technology stocks generally via Intel, Micron Technology and Canon; and Japanese financials funded by selling stocks that had surpassed valuation targets such as Shin-Etsu Chemical, Nitto Denko, Japan Exchange Group, Siemens and Reed Elsevier. For an extensive discussion of the investment case for Intel and Micron, we would point readers to the current Platinum International Fund and Technology Fund quarterly reports. We also tentatively started to rebuild our much reduced gold stock holdings with a view that the "barbarous relic" will once again shine as a currency alternative around the time the limitations of QE are tested by a combination of aberrant events e.g. rising yields, declining currency and/or severe deflation/inflation.

Commentary and Outlook

Given the steep correction in emerging market valuations, investors are now reconsidering these markets. Whilst we staunchly believe that the rapid industrialisation of the five billion plus global citizens that still account for less than 38% (US$ basis) of global GDP is a key driver of future global growth, we have also previously pointed out that with product lead and reach, Western multi-nationals are well-positioned to take advantage of this opportunity.

But back to the original issue – are emerging markets now fundamentally (or at least relatively) cheap at a trailing P/E of 12x versus 18x for developed markets?

We would suggest that whatever you buy, at least make sure the label matches the product. So what does this mean for emerging markets? When comparing two broad indices, there will always be the potential for some major compositional changes to impact aggregate valuations and that is clearly the case of both markets.

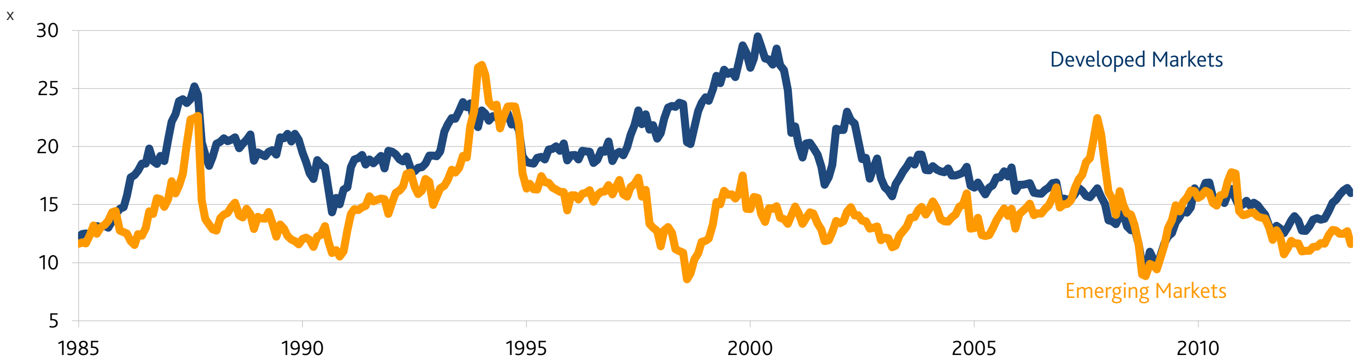
To illustrate, we have broken down our proprietary emerging and developed markets indices by broad sector and calculated their P/E valuations by sector. Whilst there is significant aggregate P/E discount for both, most of this discount is concentrated in two areas: financials and resources.

Investors typically discuss the attractiveness of the emerging market asset class in terms of the rapid growth in emerging middle class consumption. However, when one looks at the relative valuations of emerging market listed consumer stocks, even with the recent sell-off, this consumer sector is priced at 22x, still a slight premium to its developed market counterparts at 21x.

Now as a stock picker, the retrenchment in emerging markets is starting to present opportunities for the Fund. However, having recently spent a week in China visiting a combination of companies and "experts", we came away with the sense that our previously stated central case, that China would manage a muddle-through transition to a consumption-led economy, seems more problematic. In a nutshell, this transition would seem somewhat dependent on political reform to facilitate a broadening of the tax-base to replace a necessary decline in land sales as a major source of provincial government revenue. To force the issue and bring the provinces to heel, the central authorities have signalled a much tougher line on debt-fueled investment growth. However, the authorities don't seem to have a plan B in terms of what replaces this as the principal growth driver.

Clearly, the first order effects of this slowdown are being rapidly priced into commodity-related stocks and currencies as the China "problem" becomes a core part of the daily market chatter. However, not many are prepared to discuss the potential second order effects; that the Chinese investment slow-down may trigger a much broader questioning of global growth than currently discounted by markets.

Emerging and Developed Market Valuations - Trailing P/E (ex loss makers)



Source: Factset

Emerging Market and Developed Market P/E Valuations by Sector

	EMERGING MARKET		DEVELOPED MARKET		EMERGING MARKET P/E
SECTOR	P/E*	WEIGHT IN INDEX	P/E*	WEIGHT IN INDEX	PREMIUM (DISCOUNT) TO DEVELOPED MARKET P/E
Financials	9.6	31.5%	16.8	20.6%	-43%
Resources	11.5	25.1%	15.0	17.0%	-23%
Industrial	14.1	7.7%	15.4	10.9%	-8%
Tech Hardware	24.1	2.5%	22.3	6.5%	8%
Commercial Services	19.8	1.3%	22.9	3.9%	-13%
Cyclicals (Weighted Average)	**11.6**	**68.1%**	**17.0**	**58.9%**	**-32%**
Consumer	22.1	11.6%	20.8	14.5%	6%
Software, Communications, Content	18.3	10.6%	25.3	11.6%	-28%
Healthcare	27.5	2.7%	22.8	9.0%	20%
Infrastructure	12.8	7.1%	19.8	6.0%	-35%
Defensives (Weighted Average)	**19.3**	**31.9%**	**22.4**	**41.1%**	**-14%**
TOTAL	**12.0**	**100.0%**	**18.4**	**100.0%**	**-35%**

* Trailing excluding loss makers

Source: Factset

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$20,000 invested in the relevant Fund over five years from 30 June 2008 to 30 June 2013 relative to their Index (in A$) 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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