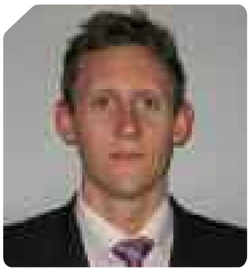
PLATINUM EUROPEAN FUND



Clay Smolinski
Portfolio Manager

PERFORMANCE

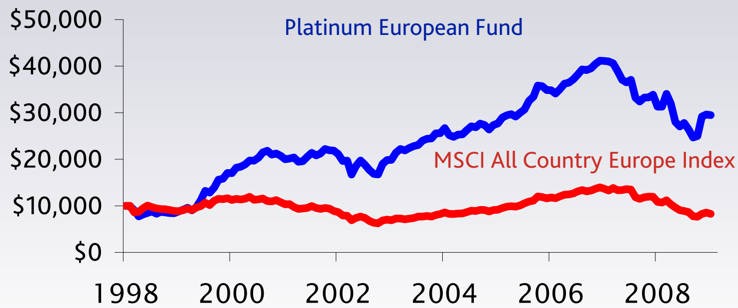
European markets rally on economic data and recovery hopes...

European markets, driven to capitulation lows in early March when presented with waves of economic data signalling a depression-like outcome, made a strong recovery throughout April and May before (unsurprisingly given the pace of the rally) tracking sideways for much of June.

Whilst the market recovery was broad, top performance was directly correlated with the sectors that had held the most fear, namely the cyclicals (steel giant ArcelorMittal +66%, cement producer Lafarge +63%, automaker Renault +68%), financials (Danske bank +90%, ING +74%) and companies that had been plagued by worries over excessive leverage (semiconductor manufacturer Infineon +193%, Pay-tv provider Virgin Media +92%). Conversely the worst performing sectors were the so-called defensives, European telcos (Vivendi -13%, Deutsche Telekom -9%), Pharma (Roche -4%, GlaxoSmithKline -2%), and some of the richly priced consumer staples names (Cadbury, flat for the quarter).

The Australian dollar continued its strength against the European currencies during the quarter. Versus the Euro, from a rate of 52 cents in April, the A$ rose 9.6% to close at 57 cents by June end, with similar performance against the Norwegian kroner (+11%) and Swiss franc (9%).

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 JUNE 2009



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

In Australian dollar terms, the Platinum European Fund returned 17.9% for the quarter compared to 8.2% for the MSCI All Country Europe Index. The Fund returns for the six and 12 month period were 6.1% and -5.8% respectively versus -7% and -23.7% for the Index.

COMMENTARY

Without ignoring the highly attractive valuations on offer in March, much of the returned optimism over the quarter was down to improved economic readings, driven by inventory restocking and the global stimulus plans now getting started. Most indicators, whether they be manufacturing orders, freight or labour related, whilst still weak, showed signs of stabilisation or slight improvement over the trends seen since December 2008. When viewing the tangible lead indicators, such as absolute reductions or additions in temporary staff (a useful window into manufacturing demand) it is important to note that we are not yet in *positive* territory, and this is the message coming from most companies themselves. Demand is looking better versus the start of the year, but all are timid to predict a sustained improvement.

With the debate having moved on from whether economic activity has bottomed, to now predicting the shape of the recovery to come, it was interesting to note the speed with which the market and the brokers were willing to place certain sectors (namely some of the more loved European manufacturing names) back onto valuations justified by mid-cycle profit margins. This is not an unreasonable valuation mindset in itself, however, we would warn that often we are finding that the mid-cycle margins forecast, along with the valuation multiples applied to them are conspicuously close to those seen at the peak, and well above 15 year trends! We have used this optimism as an opportunity to short one such name where we note supply shortages, caused by the synchronous global capex boom experienced over the past few years, have been the driver of strong pricing conditions rather than industry consolidation or advances in product differentiation. We suspect the reality of overcapacity will see the recovery take longer than expected.

One area that has not participated in any of the current joy has been the European professional publishers, who as a group fell -2% over the quarter. The global publishing houses such as Reed Elsevier, Wolters Kluwer and Canada's Thomson Corp, have spent the last 15 years shifting their content portfolios from a loose collection of business and consumer print assets, to now being leaders in the delivery of 'professional' content, namely the reference text and data used by the legal, medical and financial services industries. One impetus behind this portfolio shift was the emergence of the internet, and the realisation (together with the quick death of the affected products) that certain content sets could now be accessed online for free. This sparked a decade long investment both to ensure their content was indeed 'proprietary' and to shift the method of delivery from print to electronic.

We have long liked the position of the Anglo-Dutch publisher Reed Elsevier, who itself went through a similar reinvestment stage, driven by the appointment of then new CEO Crispin Davis in 1999. Today, 85% of Reed's profits are derived from their Scientific, Medical, Legal and Risk analytics divisions, all of which have unique characteristics that allow their markets to resemble oligopolies, with little evidence of fierce price competition between players and a history of steady growth.

Considerable interest has surrounded the recent appointment of new CEO Ian Smith as the successor to Crispin Davis and we shared the initial surprise of the choice of an outsider for the role. So far we are pleased to note that all communication regarding Smith's intentions exclude any 'transformational' deals, however, this certainly hasn't hindered the ever deal-loving brokers ramping up speculation about a possible merger with Wolters Kluwer.

The story around Reed is not without worries; the evaporation of merger & acquisition, and initial public offering work has seen staff cuts at law firms, academic library budgets will come under pressure and the advertising related revenues will be very weak this year. However, given a valuation of 10x 2009 earnings, the market is more than discounting the negatives and together with a 4.5% dividend yield, Reed looks attractive on both an absolute and relative basis. The Fund holds close to a 3% position in Reed.

CHANGES TO THE PORTFOLIO

Entering into April, the Fund remained reasonably fully invested (96% long, 4% short, for a 92% net exposure), whilst holding a large (72%) position in the A$. As the A$ strengthened, benefiting from a recovery in commodities and its positioning with China, its immediate relative value against the European currencies has diminished and hence we have scaled back our A$ holding. The majority currency position of the Fund post-30 June stands at 35% A$, 45% Euro and 10% Norwegian kroner.

During the quarter we took the opportunity to fully exit some of our holdings (Spanish FTA broadcaster Telecinco, automaker Fiat & Norwegian fertiliser producer Yara) where after strong price moves, we thought the market had been too quick to price in better times. New additions to the portfolio included the aforementioned Reed Elsevier, along with British pay-TV provider Virgin Media and Italian industrial cable manufacturer Prysmian.

DISPOSITION OF ASSETS

REGION	JUN 2009	MAR 2009
BELGIUM	**3%**	**3%**
FINLAND	**4%**	**4%**
FRANCE	**22%**	**26%**
GERMANY	**40%**	**40%**
ITALY	**2%**	**5%**
NETHERLANDS	**4%**	**4%**
NORWAY	**2%**	**5%**
RUSSIA	**0%**	**1%**
SPAIN	**0%**	**1%**
SWEDEN	**3%**	**4%**
SWITZERLAND	**1%**	**1%**
UK	**5%**	**2%**
CASH	**14%**	**4%**
SHORTS	**2%**	**4%**

Source: Platinum

OUTLOOK

As Kerr illustrates in his report, from a global macro perspective the outlook is anything but certain, the circular effects of lower credit growth and higher unemployment in Western economies will certainly challenge revenue growth going forward. Despite this backdrop, at the end of the day, the specific characteristics of the businesses we invest in, together with the price paid is what *really* matters. Just as the cyclicals made good investments when being priced with the worst in mind, so too we can find modestly priced companies that, whether it is through regulatory, stimulus, or technology change, can continue to grow over the next few years.

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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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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