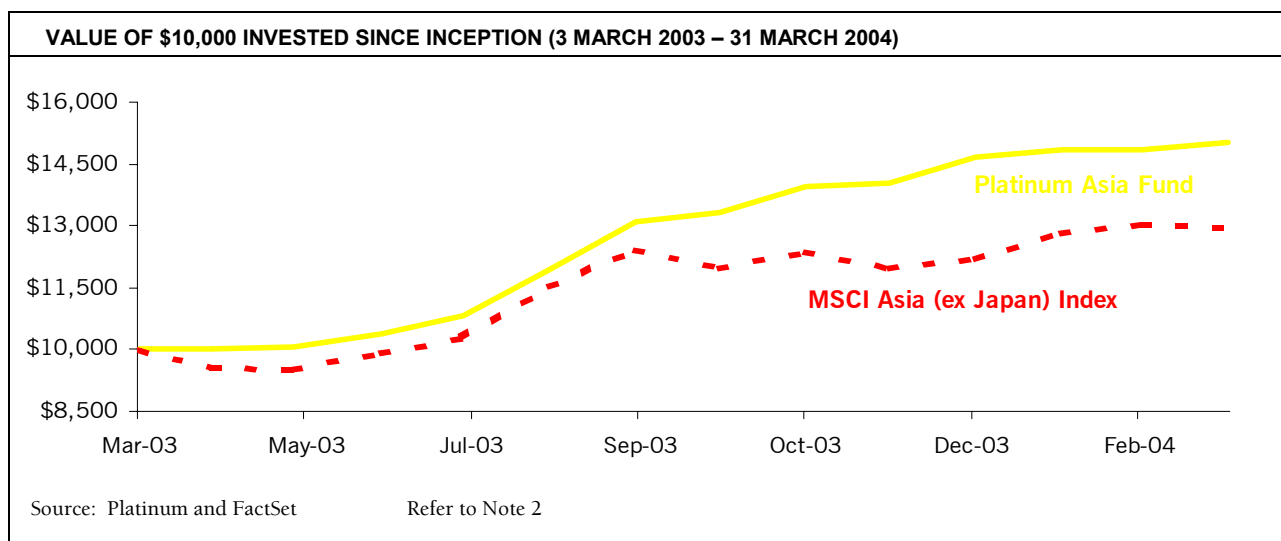


Platinum Asia Fund

Performance

REDEMPTION PRICE: \$1.4876



The Asian markets experienced a reversal of fortunes during the latest quarter with the larger more mature markets of the region such as Korea (up 15%), Taiwan (up 7%), and Hong Kong (up 7%), leading the way. Meanwhile the previously high-flying markets of China (down 3%), India (down 6%), and

Thailand (down 13%) fell over the period. After enormous runs in 2003, these markets were weighed down by the inevitable arrival of new supply of shares in the form of new listings and secondary issues, rather than any fundamental deterioration in underlying economic conditions. In the case of Thailand, the Avian flu and the declaration of martial

law in the southern provinces (an important tourist area) in response to unrest, were additional weights on the market.

The MSCI Asia Ex Japan index rose 6.3% in A\$ terms. By comparison the Fund appreciated by only 2.3%, with our Indian and Chinese “H” share holdings the major detractors from performance. Fortunately short positions in the Indian and H Share stock market indices offset some of these losses. The bright spot for the portfolio were new holdings in the Taiwanese market such as Polaris Securities (stockbroking) and Taiyen Biotech (cosmetics). ZTE Telecom (China, telecom equipment) also performed strongly on the back of an improving order book. Over the last 12 months the Fund returned 49.6% versus the MSCI Asia ex Japan index return (in A\$) of 35.7%.

Changes to the Portfolio

The key change to the portfolio over the quarter has been our Taiwanese companies, which account for 12% of the portfolio. Yuanta Securities and Polaris Securities are two of Taiwan’s leading stockbrokers. The securities business in Taiwan is highly fragmented and highly competitive (retail commissions are less than 0.15%). However consolidation is occurring at a rapid pace, and deregulation of the financial sector is providing new product opportunities for the brokers such as

managed funds and derivatives. Although the market volumes were strong in 2003, this was predominantly driven by foreign investors. As the domestic economy recovers we would expect retail investors to return to the market and as a result the profits of Polaris and Yuanta should improve dramatically. Our initial purchases were made at small premiums to book value.

The Platinum Asia Fund

Giordano (apparel retailer) was sold having reached price targets as was Zee Telefilms (India, cable TV). The portfolio continues to run short index positions in India and the China H shares as the weight of new issues continues to hang over these markets in the short term.

DISPOSITION OF ASSETS		
Region	Mar 2004	Dec 2003
China	4%	3%
Hong Kong – China H shares *	8%	12%
Hong Kong	2%	4%
Taiwan	12%	0%
<u>Greater China</u>	<u>26%</u>	<u>19%</u>
India	36%	46%
Korea	13%	9%
Indonesia	5%	7%
Thailand	4%	6%
Singapore	4%	2%
Malaysia	1%	2%
Cash	13%	10%
Short	14%	6%

Source: Platinum * H shares are shares of Chinese State companies listed in HK

Outlook

One market of particular interest to us currently is Taiwan. With many of the largest companies in Taiwan being in technology related businesses, the market has traditionally been viewed as a play on the fortunes of the global technology sector. And indeed the Taiwanese market and economy did suffer through the collapse of technology spending and Nasdaq. However, we would suggest that a more appropriate way of looking at Taiwan is as the industrial capital of China. Taiwanese companies are providing critical ingredients of management and intellectual property without which Chinese manufacturing would have struggled to achieve the level of success it has had in certain fields such as computing and communications.

The pre-eminent example of Taiwan's contribution to the mainland's manufacturing success is the "original design manufacturing" (ODM) companies. Companies such as Quanta and Compal, not only manufacture laptop computers for the likes of Hewlett Packard and Dell, but their own engineers also provide the designs for products for these brand names. In laptop computers it is estimated that 60% of world output is provided by the Taiwanese ODM's, over half of which are assembled in their Chinese plants. Given that there are significant design issues in laptop computers (eg. size, weight,

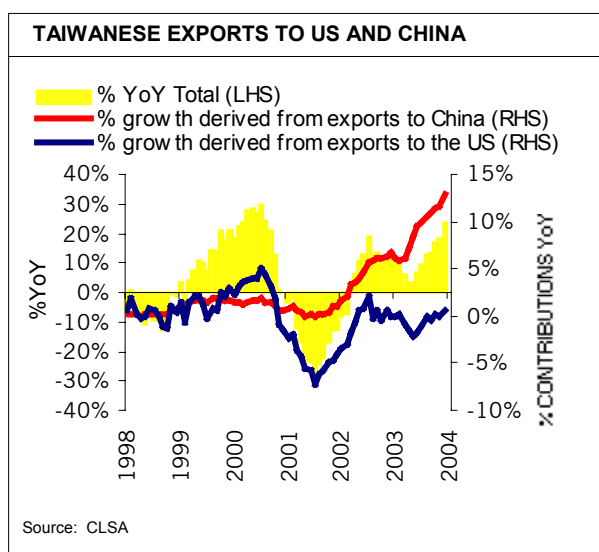
battery life, heat dissipation) this is an impressive achievement. It is unlikely that such products would be manufactured in China without the input of Taiwanese engineers and plant managers. Taiwanese ODM's provide design and manufacturing services across a wide range of electronic products from PC motherboards, to optical drives (ie. DVD and CD drives), and mobile phone handsets.

Another interesting example of Taiwanese expertise benefiting China is found at Semiconductor Manufacturing International Corp (SMIC), China's first semiconductor foundry business. Recently listed in the US market, SMIC is operating an 8" wafer line in Shanghai and has a leading-edge 12" line under construction in Beijing. Customers include leading semiconductor companies such as Infineon, Samsung, and Texas Instruments. Being a capital-intensive business, China offers little advantage in semiconductor manufacturing and suffers the disadvantage of not having the required skilled labour force. Taiwan again fills the gap, with around one-quarter of SMIC's Shanghai labour force being expatriate Taiwanese.

Taiwanese businesses outside of the technology and manufacturing arena have also been amongst the most successful foreign investors in China. Uni-President and Tingyi (a Hong Kong listed company

with Taiwanese parentage) have created and dominated the packaged instant noodle in China. South-East Motors is one of China's leading auto producers (over 83,000 vehicles sold in 2003) which was established by China Motors of Taiwan. Of the Taiwanese companies we have studied, there are few that are not seeking to take advantage of opportunities in China in one fashion or another, many with considerable success.

Since 2000, economic growth in Taiwan has been anaemic despite China's booming economy as a result of the declining global spending on technology equipment. With this trend coming to an end in 2003, the Taiwanese economy should experience much stronger growth as the benefits accrue from its role in China's manufacturing boom. Indicators such as the property market, auto sales, and business investment confirm the turnaround in the domestic economy. Perhaps the most telling indicator is exports, which show Taiwanese exports to China growing at 128% over the last 12 months while exports to the US have only grown 3%.



The one concern remains the recent election result where the incumbent President Chen was returned to power by the narrowest of margins. If President

Chen survives a promised recount of the vote and puts a referendum on Taiwan's independence to the vote, the market will be watching China's response with rapt attention. It is difficult for us to add much to the long running debate over Taiwan's political future, but would observe that Taiwan is an important asset to China, and that as China's economy continues to open, its trading links with the world become more critical. As such, any overt aggression toward Taiwan seems an unlikely possibility.

Our current focus is on companies that will benefit from the expected resurgence in Taiwan's domestic economy. Companies that have been added to the portfolio include stockbrokers, auto distributors, a cosmetics business, and an electrical goods retailer, all of which are trading on very attractive multiples of earnings. Generally we would be inclined to avoid many of the technology related and manufacturing concerns that are listed in Taiwan as these typically operate in highly competitive markets.

Elsewhere, the debate rages as to whether the Chinese economy will slow or even bust this year. Indeed Chinese leaders have made various statements about the need to slow the economy, but due to the fixed exchange rate policy, the government has few policy options available. Recent months have not shown any particular signs of slowing, nor can we observe any particular obstacles that should slow this economy for the moment.

India continues to pick up momentum with capital spending rising strongly. Strong capital inflows are putting downward pressure on interest rates providing even further impetus to growth. Polls for the April election are showing the BJP government should be returned to power.

Overall, the outlook for Asia is as bright as ever and although selectivity remains important, valuations are perfectly sensible.

Andrew Clifford
Portfolio Manager

Notes

1. The returns represent the combined income and capital return for the specified period. They have been calculated using withdrawal prices, after taking into account management fees (excluding any performance fees), pre-tax, and assuming reinvestment of distributions. The returns shown represent past returns of the Fund only. 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, 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 Funds since inception and relative to their Index (in A\$) as per below:

Platinum Asia Fund:

Inception 3 March 2003, MSCI Asia Free ex Japan Net Return Index in A\$

The investment return in the Funds is calculated using withdrawal prices, after taking into account management fees (excluding performance fees), pre-tax and assuming 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 securities adviser) your particular investment needs, objectives and financial circumstances. You should consider the PDS or IS (whichever is applicable) in deciding whether to acquire, or continue to hold, units in the Funds.

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