PLATINUM ASIA FUND

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PERFORMANCE

In what was a relatively quiet period for Asian markets, which returned 2.8% for the quarter (MSCI Asia ex-Japan Index), the notable feature was the out-performance of smaller to mid-size companies versus their heavy weight counterparts. For example, in India the small company index raced ahead by 7% versus -2% for the entire market. The Platinum Asia Fund portfolio, being heavily weighted in these small to mid-sized companies across the region, was well positioned for such moves, returning 9.4% for the period. The performance was well distributed across most of the markets in which the Fund is invested with the exception of Taiwan where the malaise overhanging the technology sector impacted our holdings in Taiwanese broking stocks. For the last 12 months the Fund returned 33.4% versus 9% for the market (MSCI Asia ex Japan in A$).

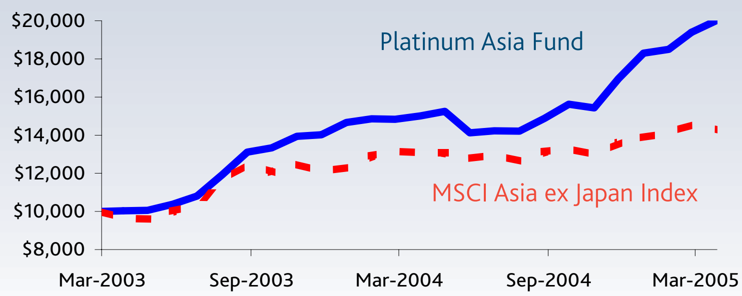
DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
CHINA	2%	2%
HONG KONG–CHINA H SHARES*	6%	5%
HONG KONG	10%	10%
TAIWAN	7%	9%
GREATER CHINA TOTAL	25%	26%
INDIA	29%	42%
KOREA	13%	14%
INDONESIA	2%	3%
THAILAND	2%	2%
MALAYSIA	1%	2%
SINGAPORE	1%	1%
CASH	27%	10%
SHORTS	13%	9%

Source: Platinum

* H Shares are shares of Chinese State Companies listed in HK

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 31 MARCH 2005



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

CHANGES TO THE PORTFOLIO

Strong price moves in many of the Fund's Indian holdings have encouraged us to sell down these positions, resulting in the Indian exposure falling to 29% from 42% at the end of the previous quarter. Positions in United Breweries (beer), Shaw Wallace (beer and spirits), and Jaiprakash (construction) were significantly reduced. These sales, together with strong cash inflows, have increased the Fund's cash position to 27%. In addition, the short position on the Indian Nifty stock index was increased to 9%, thus reducing the net invested position of the portfolio to 60%.

New holdings included National Thermal Power Corp (India's largest power generator), while holdings in China Mobile (PRC Mobile Phone operator), Yuanta Securities, and Polaris Securities (Taiwanese stock brokers) were increased during the quarter.

COMMENTARY

During our recent visits to companies in Hong Kong and Taiwan what was once again striking was how companies in the region have continued to deepen their businesses over the years. Fifteen years ago the typical Asian manufacturer was turning out relatively simple products such as hair dryers, ceiling fans, and radios. The customer was usually a large multi-national with a well recognised brand who provided the product specifications to the manufacturer whose single task was to turn out the product at the lowest possible cost. Any complex components were generally supplied or sourced by the customer. It was a tough competitive environment, causing the reliability of earnings to be poor, and thus the stock market bestowed low valuations.

In the intervening period the sophistication of business in Asia has changed markedly. Although the high tech successes of the likes of Samsung and TSMC (Taiwan Semiconductor Manufacturing Corp) are well known, companies across the region have continued to invest in their business' building capabilities in design, distribution, and branding. It has not been uncommon for companies to acquire former customers, picking up their brands and technology. The final step for many is to ensure that the new big market in their backyard, China, belongs to them rather than their traditional multi-national customers. One of the best examples of companies that have successfully invested in their business in this fashion is Techtronic Industries[1]. Ten years ago, a contract manufacturer of power tools and vacuum cleaners, the company now owns the Ryobi brand of power tools as well as a number of leading vacuum cleaner brands. The profits for the business have increased more than 20 fold over this period, and the stock price 40 fold!

One of the Fund's holdings, Peace Mark is an interesting case study in this regard. The company is the world's largest manufacturer of watches (by volume), making over 8.3 million pieces in 2003. Customers range from the leading brands including Citizen, Seiko, and Casio, to fashion brands (eg. Fossil, Quicksilver and DKNY), and mass market retailers such as Wal-Mart. The retail price range of the product made by Peace Mark varies from less than $30 and up to $1,000.

Originally an assembler of watches, Peace Mark has steadily invested in its manufacturing capability to bring more of the component production in-house. The company has added design capabilities and can now, for those looking for the service, help with the origination of new product concepts. More recently the company has started to focus on building its own brand portfolio through licensing arrangements with brand owners as well as through acquisition. In the typical licensing arrangement the company has full responsibility

[1] Techtronic Industries is not currently a holding of the Fund.

for the business of designing and selling watches. The brand owner receives a royalty and signs off on designs and marketing programs to ensure they are consistent with their brand image. Examples of these deals include Bill Blass for the US market and Pierre Cardin for the China market. Peace Mark has also taken a 51% stake in its US distributor. This provides them with control over the US sales force for their portfolio of branded watches and also allows them to provide logistics and warehousing services for their other US customers.

The next step for Peace Mark was the acquisition of a number of stakes in watch distribution businesses in the PRC. These businesses are de facto retailers selling on a consignment basis to department stores. The department stores allocate space and it is up to the distributor to fit out, stock, and sell the product, with a fixed percentage of the proceeds going to the department store. With these acquisitions, the company positioned itself with over 500 points-of-sale in China, with the rights to sell brands such as Citizen and Swatch along with a multitude of others. Since taking over these businesses, the company has attracted further brands wishing to sell through their network, most notably Seiko. The company is now positioned as the leading retailer of branded watches in China, an interesting position given the status symbol that watches represent and the growth in household incomes.

Whether Peace Mark is successful in their strategy is yet to be answered, but the important point to be made is how they continue to invest in their business and broaden their position away from being a low cost commodity manufacturer. Other examples of companies following similar strategies we have come across recently include Moulin[2], a Hong Kong maker of spectacle frames that has pursued a brand acquisition and licensing path similar to Peace Mark, and have also acquired a major chain of optical shops in the US while building a similar retail operation in China. Test Rite[2], a Taiwanese trading company that specialised in sourcing hardware products for the likes of Home Depot in the US, is now the leading DIY retailer in their home market in a joint venture with B&Q of the UK. It is also following a brand licensing approach in developing products for the US market. Fu Sheng[2], a Taiwanese compressor maker that leads its home market and the PRC market has acquired troubled US compressor companies to access their brand name and distribution as well as technology. Apparel maker Luen Thai[2] has been extending their services beyond the traditional cut-make-and-trim to include design, material sourcing and certification, as well as logistics and warehousing.

As noted in the Platinum International Fund report, Japanese companies have continued to invest in R&D through the deflationary period of the last 15 years. This tendency for Asian companies to continue to invest and broaden their competencies, whether they be the Taiwanese and Koreans in semiconductors, the Indians in software and pharmaceuticals, or the "Peace Marks" of the region in branding and distribution, stands in stark contrast to the approach of the west where the mantra of the day continues to be to focus on "core competencies". From this micro perspective, the trade imbalances between Asia and the rest of the world are hardly surprising, and suggest that they may not be so easily turned around.

For the moment Asian stock markets may well swing about on US interest rates and global liquidity flows. However it is the willingness of Asian companies today to invest in their business that gives one confidence that the long run story of Asian growth has some way to go.

[2] Moulin, Test Rite, Fu Sheng and Luen Thai are not current holdings of the Fund.

OUTLOOK

Why were the smaller companies performing so well? In part it is because they have been delivering superior earnings growth together with lower starting valuations than many of the larger companies. However, this is only part of the story and our observation would be that plentiful liquidity in financial markets, primarily emanating out of the US, has increased the risk appetite across global markets with a sizable beneficial impact on prices of small stocks across the Asian region.

The fact that the best performing market in the region over the last year has been Pakistan, up over 50% during that period, and a mere 25% in the last three months, together with stories of Brazilian investors arriving on Indian shores, suggests that markets are pretty frothy and a cautious approach is warranted. One only needs to cast ones mind back to last May, when US bond yield rates increased sharply precipitating a broad sell-off in Asia, to gain an insight into what tighter liquidity might mean for regional markets. And with the increase in rates by the US Federal Reserve in late March, the markets have already begun to soften. The next challenge could well be re-ignition of concerns that China is overheating. Bank lending has continued to re-accelerate, as have residential property prices in major centres. The People's Bank of China recently increased deposit requirements for home buyers from 20% to 30%. If monetary conditions in the US and China remain on their tightening trend, it is quite possible that the Asian markets have seen their highs for 2005.

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.

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