PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 30 June 2008)	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	-9%	-10%	15%	24%	24%
MSCI AC ASIA EX JP INDEX	-12%	-17%	11%	15%	14%

Source: Platinum and MSCI. Refer to Note 1, page 4.

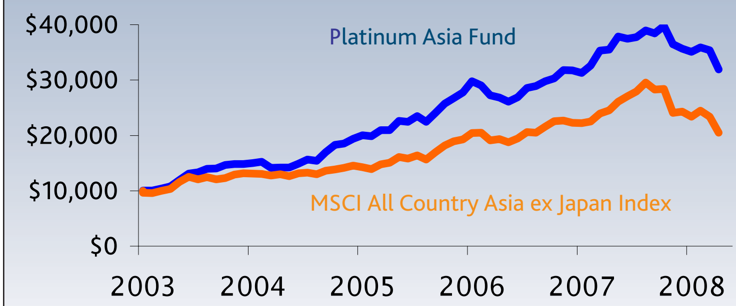
Asian markets continued their sell-off during the last quarter with higher energy and food prices the main concern. The weakest markets continued to be last year's favourites (China A market down 21%, India down 14%, Vietnam down 22%) and net energy importers (the Philippines down 17%). A further 4% appreciation of the Australian dollar against regional currencies also detracted from returns. A combination of the Fund's cautious positioning with high cash balances (20% to 30% over the course of the quarter) and short positions reduced the Fund's losses below those incurred by the broader market.

DISPOSITION OF ASSETS

REGION	JUN 2008	MAR 2008
CHINA (LISTED EX PRC)	16%	18%
HONG KONG	9%	8%
CHINA (LISTED PRC)	3%	1%
TAIWAN	7%	8%
GREATER CHINA TOTAL	35%	35%
INDIA	5%	8%
KOREA	10%	12%
THAILAND	8%	10%
MALAYSIA	5%	5%
INDONESIA	4%	3%
SINGAPORE	4%	4%
PHILIPPINES	2%	1%
CASH	27%	22%
SHORTS	4%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 JUNE 2008



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

CHANGES TO THE PORTFOLIO

The Fund took advantage of lower prices to add to a number of its existing holdings. Gamuda is a Malaysian construction company which has seen its short-term profit outlook squeezed by rising steel and cement prices. The company has a long history of winning work with innovative proposals that have often involved holding concessions to fund and operate the project upon completion. As a result, there is significant value in its existing and future toll road and utility concessions that the market is significantly undervaluing. Ayala Land is the leading property developer in the Philippines, and concerns over future development sales have seen the stock fall to levels well below our assessment of its inherent value. A new holding for the Fund is Green Dragon Gas, a Chinese coal bed methane company. Cash was raised by selling Bank of China, where our concerns about a potential slowdown in that economy led us to be more cautious about the outlook for its business. We also sold our two Indian oil refineries (Hindustan Petroleum and Bharat Petroleum) which continued to be squeezed between higher crude prices and regulated product prices.

COMMENTARY

Inflationary pressures have continued to rise across Asian economies during the last quarter, driven primarily by energy and food prices. In many countries where energy prices are controlled, the cost of the subsidies have become too great for government budgets, and thus we have seen a range of price increases for petroleum based products and electricity. Typically though, the prices remain well below free market levels and the subsidies remain a significant burden on government finances. For example, in India, food, fertiliser, and energy subsidies, if maintained at current levels, have estimates of the federal government deficit blowing out from 2.5% to almost 7% of GDP.

The impact of inflation will not be evenly felt across economies or the region. Higher food and energy prices obviously impact households quite differently depending on income levels. The success of companies in passing on higher costs in their prices and maintaining volumes will depend on their customer profile. The multinational purveyors of higher-end consumer products are reporting no changes in their growth rates in the region, at least so far. And of course there are the beneficiaries of the inflationary forces, the mining and agricultural sectors. Indeed the same is true for countries where the resources boom is having a major impact on trade accounts with energy deficient countries such as India and the Philippines being the noticeable losers.

The rise of inflation has occurred at a time when growth prospects in the major export markets of the US and Europe were already causing concern. The result has been a substantial setback in regional markets, with some of last year's favourites suffering the greatest falls. The China B share market has fallen over 50% from its highs of last year, the India market is down almost 40% from its highs, and Vietnam is down 65%.

Other than the adjustments to energy prices, policy responses have continued to focus on higher interest rates and higher reserve requirements for the banking system in order to slow loan growth. In past quarterlies we have discussed how a more flexible approach to exchange rates by regional central banks could have dissipated incipient inflationary pressures, and although there is still much discussion in the markets regarding a potential revaluation of the Chinese Yuan, the time for such a response has most likely passed. Regional growth will start to slow from a combination of higher interest rates, inflation and lower export growth.

What is difficult to know is how deep or protracted the downturn might be. The combination of a number of factors suggests that one should remain optimistic in the medium term. The momentum in the economies of China and India as a result of the past reforms is significant and it is difficult to see this disappearing overnight. Once a slowing is apparent, one would expect interest rates to be cut and other measures such as credit restrictions to be removed. Corporate, household, and government balance sheets are generally in good shape which should allow a recovery to take hold more quickly. Also, a slowing by these major commodity consumers should ultimately ease inflationary pressures and the burgeoning cost of subsidies.

With many stocks down 50% and more, the question is whether this "slowdown" in the region has been priced in? Consider one of the Fund's holdings, Dongfeng Motors. Dongfeng is an auto producer in China with joint ventures with Honda, Nissan, and Peugeot. Not surprisingly, vehicle sales have been strong in China in recent years growing at over 20% pa, and continuing to do so at only a slightly lower rate in the first five months of 2008. Although the car business is competitive, the company has strong JV partners and has managed to grow earnings in line with the industry's volume growth. However, despite the apparent ongoing growth, the stock price has fallen more than 50% in the last 12 months and trades at around 7 times last year's earnings. Clearly the market is not expecting earnings to be maintained at this level despite the ongoing sales growth and one doesn't need to look far to see why. Auto grade steel prices are up more than 50% over the last year and there are real concerns that the auto companies will be unable to pass on these cost increases. If sales slow as well, a significant fall in profits is the likely outcome, and thus the setback in the stock price that has been seen.

However, given the longer-term growth prospects for China, we would assume car sales will be higher in five years time, and providing Dongfeng's JVs are well managed, we would assume their sales and profits will be commensurately higher. If the outcomes are as expected, Dongfeng makes for a great investment today. Although this is just one stock, similar stories can be told amongst many of the Fund's holdings. The valuations against historic earnings are very appealing, and although there is little yet to suggest that earnings will fall, companies are likely to face short-term challenges in delivering higher profits in the next year or so.

OUTLOOK

One is inclined to conclude that the market for the main part has priced in the slower environment that is appearing on the horizon. As such it is expected that some of the Fund's cash reserves will be slowly put to work in the coming months. There are a number of reasons to remain somewhat cautious in doing so. Firstly, while the market has concerns about earnings sustainability of our companies, we cannot clearly hear the market talking about a slower China and India. Our observations over the last decade have been that until such outcomes are explicitly understood, they are rarely fully discounted. The stock price of iron ore producers stand as evidence that many continue to believe that China and India will continue to grow endlessly. Secondly, foreign investors remain significant investors in the Asian markets and financial problems in their home markets could well see them continue to reduce the amount of risk they are prepared to accept. Ongoing selling by foreign investors could well result in further downward pressure on regional markets.

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. 7 (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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