PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 30 September 2009)	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	8%	21%	10%	19%	22%
MSCI AC ASIA EX JP INDEX	9%	13%	2%	10%	13%

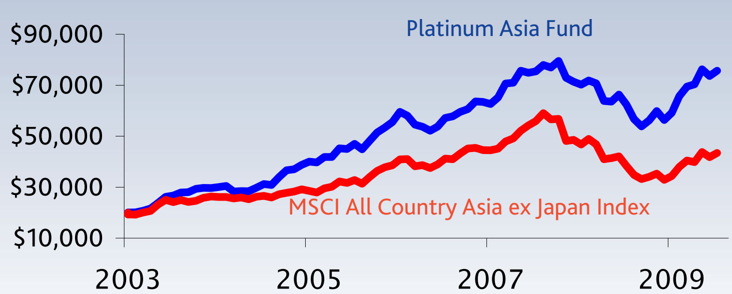
Source: Platinum and MSCI. Refer to Note 1, page 4.

Asian stock markets continued the rally that commenced in March appreciating over 16% during the quarter, though once again the strength of the Australian dollar reduced returns to just over 9% in Australian dollar terms. Most measures of economic activity continued to improve not only across the region but also for major export markets, helping export dependent economies such as Korea (up 20% for the quarter) lead the rally. Perhaps of more interest is the one regional market that performed poorly during the quarter, the Shanghai A share market, which pulled back 8% and almost 20% from the peak reached in early August. While the fact that this market had run harder and earlier than others partly explains the performance, it was also due to concerns that the People's Bank of China would need to tighten monetary policy soon given the runaway credit growth experienced in the first half of the year. It is worth keeping this in mind now that a number of central banks across the region are most likely deliberating on the question of when to tighten their policy stance.

DISPOSITION OF ASSETS REGION	SEP 2009	JUN 2009
CHINA (LISTED EX PRC)	17%	18%
HONG KONG	8%	9%
CHINA (LISTED PRC)	7%	5%
TAIWAN	7%	8%
GREATER CHINA TOTAL	39%	40%
KOREA	12%	9%
THAILAND	10%	9%
MALAYSIA	7%	7%
SINGAPORE	6%	6%
INDONESIA	4%	5%
INDIA	3%	1%
PHILIPPINES	3%	3%
CASH	16%	20%
SHORTS	0%	0%

Source: Platinum

VALUE OF $20,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 SEPTEMBER 2009



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

Among the best contributors to the Fund's performance this quarter was KB Financial Holding (Korean Bank, up 44%) whose most recent results show that fears over bad debts had been overplayed earlier in the year. Airports of Thailand was another strong performer (up 58%) as passenger volumes started to improve. The weaker performers for the Fund were the holdings in China A share companies such as Guangzhou Airport (down 11%), CITIC Securities (down 14%), and Daqin Railway (down 11%) as these stocks retreated along with the broader A share market.

PORTFOLIO CHANGES

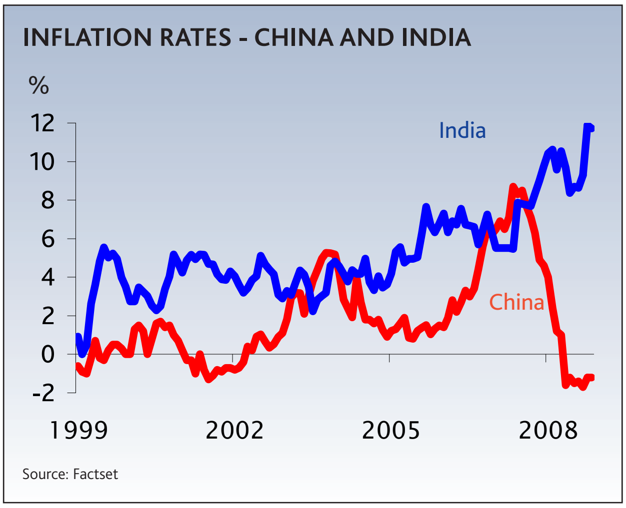
Samsung SDI was a new holding introduced to the portfolio this quarter. The company has successful businesses in mobile phone and laptop computer batteries and a poorly performing business in making plasma screens for TVs. What is of interest to us are two new businesses that we expect to make a significant contribution. The first is OLED (organic light emitting diode) screens which are set to become standard in high end smart phones. The screens have better image quality than current screens, are thinner, and consume less power. The other business is batteries for electric motor vehicles where the company has entered into a joint venture with Bosch (a leader in auto electronics) to develop products for this nascent market.

Bisi International, an Indonesian producer of hybrid seeds (corn and rice) has also been added to the portfolio. Government subsidies have been put in place to encourage greater usage of hybrid seeds (due to their greater yields) and Bisi is well positioned to take advantage of this programme. Three Indian companies have been added to the portfolio, the first new investments in this market for some time. Otherwise the Fund took advantage of lower prices in a number of existing holdings to put additional funds to work. Additional investments were made in companies such as Denway Motors (Chinese auto producer), Korea Investment Holdings (Korean stockbroker and fund manager), and a number of our Chinese A share holdings such as China Life and Daqin Rail.

On the other side of the ledger, stocks that have performed strongly have been sold down, including Astra International (Indonesia, motor vehicles, construction equipment, palm oil), Dongfeng Motor (China, motor vehicles) and Hang Lung Properties (HK and China property investor). The net result of the quarter's activity is that cash holdings have been reduced from 20% to 16%. The Fund's exposure to the Australian Dollar as has also been reduced to 13% from 20% at the end of the June quarter.

COMMENTARY

The economic recovery has continued across the region at such a pace that commentators are already debating when central banks will move to increase interest rates and governments cut back on spending. With the exception of India, which continues to have a persistent problem with inflation, consumer price indices show little sign of coming back to life, so the debate seems a little premature. Nevertheless, most economic indicators show a strong recovery in activity with further impetus to come from planned infrastructure spending and potentially some rebound in exports as the inventory rebuild in the developed economies proceeds. Thus it is more a question of "when" rather than "if" for increases in interest rates and a tightening in fiscal policy. Indeed the first moves in this direction have been seen in China where the



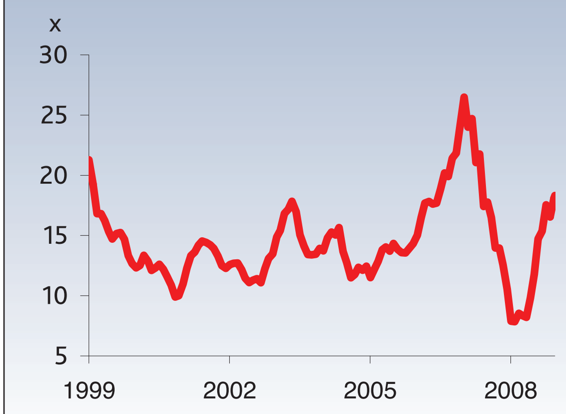
government has been reminding banks to follow guidelines regarding mortgages on investment properties and banks appear to have slowed the frenetic pace of lending seen in the first months of the year.

While such moves to tighten economic policy may give stock markets a reason to pause, as we have seen in the China A share market this quarter, it would seem highly unlikely to us that such actions will have a significant impact on the economic resurgence that is taking place. In China, the investment plans of industry for capacity expansion and the government for infrastructure, along with resurgence in the demand for residential property, would seem likely to provide enough momentum to keep the economy humming along at a decent pace for some time to come. Undoubtedly some of these investments, particularly in cement (as outlined in our previous quarterly), steel, and aluminium seem destined to leave the country with excess capacity at some point in the future. Ultimately the poor return on capital that will be earned on today's investment and commensurate bad debts for the banking system may weigh down economic growth further down the line. For the moment, however, the most likely outcome appears to be that China will grow strongly and drag the rest of the region along with it.

In India, the poor monsoon season represents a setback for rural incomes and thus will slow economic activity to some extent. The secondary effect of higher inflation through increasing food prices is unhelpful as India already experiences relatively higher levels of inflation. However, in regards to this longer term inflation issue there has been some good news as the recently re-elected Congress party has confirmed its intention to reform the taxation system. Included in the reforms is a proposal to replace state government sales tax with a unified national GST that has the potential to significantly increase the government's revenue base. The importance of this is that the fiscal deficit in India has not historically been fully funded (through the sale of government bonds) and effectively money has been printed to fill the gap, a key underlying cause of India's persistent inflation. A long-term reduction in the level of inflation would have important ramifications for economic growth and perhaps valuations in that country.

So what does all this mean for equity markets? There has already been a substantial rebound from the lows of last October with Asian markets up just over 100% (in local currency terms) and they now sit about one third below the highs reached in late 2007 when the China growth story was at its peak. Valuations appear to be at relatively full levels with Asia ex Japan trading on an historic price earnings ratio of 18 times. While this figure may make markets look a little more expensive than they really are due to the depressed level of current profits, it is nevertheless at the high end of the range (with exception of the last days of the 2007 bull market) achieved over the decade since the end of the Asian crisis.

ASIA EX JAPAN PRICE/EARNINGS



Source: Factset

The implication of this is simply that the easy gains of the last six months are probably near an end. The fact that many recent initial public offerings around the region have opened below their issue price is perhaps a good indicator of shorter term prospects for markets. Until recently investors had poured into IPOs with an enthusiasm usually reserved for the final stages of a bull market. A final point of caution for investors is that although Asian economies, and to a lesser extent markets, appear to have finally achieved the long awaited decoupling from the West, it remains the case that foreign investors continue to have a significant influence over these markets. It is unlikely that Asia will be unaffected should developed markets suffer any setbacks.

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$20,000 invested in the relevant Fund since inception relative to their Index (in A$) 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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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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