

Platinum Asia Fund



Andrew Clifford Portfolio Manager

Disposition of Assets

REGION	SEP 2012	JUN 2012
China (Listed Ex PRC)	18%	17%
China (Listed PRC)	6%	6%
Taiwan	4%	5%
Hong Kong	1%	2%
Greater China total	29%	30%
Korea	16%	15%
Thailand	15%	17%
India	9%	9%
Philippines	8%	8%
Singapore	6%	6%
Malaysia	5%	5%
Indonesia	2%	1%
Vietnam	1%	1%
Canada	1%	1%
Cash	8%	7%
Shorts	1%	1%

Source: Platinum

Performance

Performance (compound pa, to 30 September 2012)

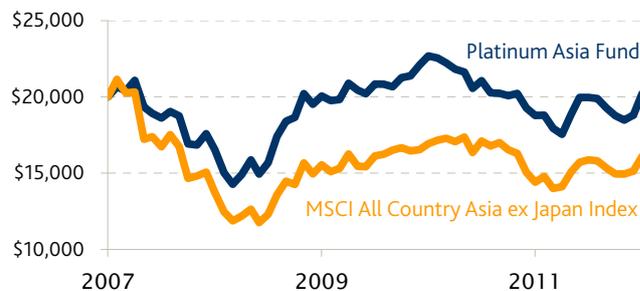
	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	8%	8%	0%	0%	15%
MSCI AC Asia ex Jp Index	8%	12%	1%	-4%	9%

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

While the Asian markets enjoyed a healthy bounce of nearly 8% during the last quarter, regaining the losses of the prior three months, the performance can probably be attributed to the general relief seen globally: that the European Central Bank would act to resolve (at least for the moment) sovereign debt problems in Spain and Italy, more so than any improvements in the fortunes of the Asian region.

Value of \$20,000 Invested Over Five Years

30 September 2007 to 30 September 2012



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

If anything, the economic data coming out of China has continued to indicate a declining growth rate and with a change in the country's leadership due in October, there has been little in the way of significant policy measures to reverse this decline. China's stock markets followed a distinctly different path to the rest of the region, with the Shanghai A share index falling more than 6% and the Hong Kong H share index returning a mere 2.7% gain for the quarter.

The one positive to be found was in India where the government made a number of reform announcements that gave the market hope that the gridlock in Indian politics has been broken and that action on reducing the country's fiscal deficit had commenced. While this conclusion is quite possibly premature, it nevertheless resulted in a healthy 12% gain in Indian stocks, one of the best performers across the region.

The Fund returned 7.7% for the quarter performing in-line with the market. Consistent with the markets moves generally, the Fund's holdings in India, Korea and Thailand featured amongst the best performing stocks. In particular, United Spirits (Indian spirits business) rallied 80% as it was revealed Diageo had entered talks to take purchase of a controlling stake from the Mallya Group who continued to struggle with ongoing losses and resulting indebtedness of Kingfisher Air. The Fund's Chinese holdings continued to drag down performance.

Changes to the Portfolio

While there was little change to the net invested position of the portfolio over the quarter, underneath the surface there was a reasonable degree of activity as strong performers were sold to make way for new or better ideas. Amongst stocks sold were Fraser and Neave (regional beverages and property) which rallied strongly as a result of a bid for its Asia-Pacific breweries business by its joint venture partner, Heineken. Other strong performers that were sold down included our Indian cement stocks, Ambuja Cements and Madras Cement, as well as Airports of Thailand. New holdings included Sands China, an operator of Macau based casinos that is well-positioned to take advantage of the growth in the mass market gaming customer base of China and the region. We took advantage of weak markets to add to our positions in Chinese Internet names, Sina (microblogging) and Youku (online video), as well as an old favourite, Samsung Electronics, that despite patent issues continues to do well in smartphones and a range of underlying technology and components.

Commentary and Outlook

There is little question that China's investment boom has slowed dramatically. The collapse in iron ore prices in recent weeks serves to underscore this reality for even the most fervent believers in China's growth story. While China has not finished building apartments, roads, rail lines and ports, it is our view (as discussed at length in past quarterlies) such investment is at close to peak levels. This is not to say that there are not interesting opportunities in China, as there are parts of the economy where there are significant ongoing development opportunities. While it is often observed that the consumer side of China's economy has lagged, this represents a wide range of sectors from Internet and media, to automobiles, as well as the more obvious consumer products such as beer and milk. Indeed, the opportunities are far ranging, as Platinum analyst Andrew Baud highlights in his report (pages 34-35) on the developments in the agricultural sector.

The speed at which the economy makes the transition will be a function of the extent the government allows the market mechanism to work to reallocate resources. With the country's new leadership expected to be announced in late

October, there is an expectation from some that a raft of policy measures to get the economy going will be forthcoming. While this may occur and be the cause of some excitement in the market, the bigger issue is whether the new government returns to a more market sensitive approach that was allowed to flourish before 2008. Either way, the weak performance of Chinese stocks has placed them on valuations that are highly attractive even if growth remains relatively subdued.

In India, the government made a number of announcements in mid-September including reductions in subsidies on diesel and liquefied petroleum gas, relaxing rules on foreign direct investment in the retail and airline sectors, and that it intends to sell government stakes in a number of state owned enterprises. There have also been statements about the need

to restructure the debts of the State Electricity Boards, which cause one of a number of impediments to the development of an efficient electricity sector in the country. While all these moves are positive, much more will need to be done to improve the country's fiscal position.

It is also not entirely clear what spurred this sudden activity though the loss of one coalition party of the Congress-led government probably gives one an idea of what had been holding the government back. In India, the path from announcement to implementation is always far from straightforward but at least for the moment the government has started to act on a number of outstanding issues. Certainly investors have greeted the announcements with enthusiasm with much of India's 12% gain coming during September.

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 historical 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).

The inception dates for each Fund are as follows:

Platinum International Fund: 30 April 1995

Platinum Unhedged Fund: 31 January 2005

Platinum Asia Fund: 4 March 2003

Platinum European Fund: 30 June 1998

Platinum Japan Fund: 30 June 1998

Platinum International Brands Fund: 18 May 2000

Platinum International Health Care Fund: 10 November 2003

Platinum International Technology Fund: 18 May 2000

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in the relevant Fund over five years from 30 September 2007 to 30 September 2012 relative to their Index (in A\$) as per below:

Platinum International Fund - MSCI All Country World Net Index

Platinum Unhedged Fund - MSCI All Country World Net Index

Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index

Platinum European Fund - MSCI All Country Europe Net Index

Platinum Japan Fund - MSCI Japan Net Index

Platinum International Brands Fund - MSCI All Country World Net Index

Platinum International Health Care Fund - MSCI All Country World Health Care Net Index

Platinum International Technology Fund - MSCI All Country World Information Technology Net 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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