Platinum Asia Fund

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Performance

(compound pa, to 30 September 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund	4%	24%	3%	9%	16%
MSCI AC Asia ex Jp Index	4%	17%	4%	7%	10%

Source: Platinum and MSCI. Refer to Note 1, page 3.

Asian stock markets had a better quarter, with the MSCI Asia ex Japan Index rising 5.4%. As a result of a small appreciation of the Australian dollar over the period, returns to Australian investors from regional markets were reduced to 3.5%. The Fund's performance at 4.1% was slightly ahead of the market. Leading the way were the Chinese markets (A shares +9.5%, H shares +10.8%), Hong Kong (+9.8%) and Korea (+7.2%), as it became apparent that monetary conditions in China were easing and economic data began to show signs of improvement. Holding back returns were the performance of India (-1.8%) where inflation concerns lead to a surprise rate hike by the Reserve Bank of India, and the ASEAN markets of Indonesia (-10.4%), Thailand (-4.7%), and the Philippines (-4.2%), which sold-off as a result of concerns that the

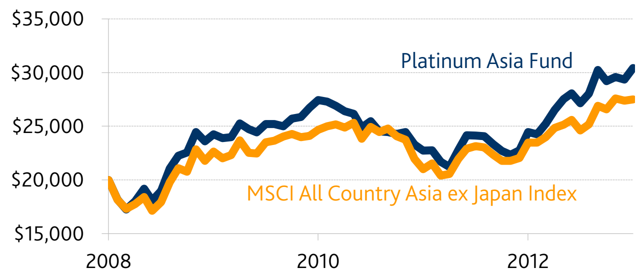
Disposition of Assets

REGION	SEP 2013	JUN 2013
China (Listed Ex PRC)	24%	21%
China (Listed PRC)	7%	7%
Taiwan	2%	4%
Hong Kong	2%	2%
Greater China total	**35%**	**34%**
Korea	19%	16%
India	11%	10%
Thailand	10%	11%
Philippines	8%	8%
Singapore	5%	5%
Malaysia	5%	5%
Vietnam	2%	2%
Indonesia	1%	1%
Canada	1%	1%
Cash	3%	7%
Shorts	0%	0%

Source: Platinum

Value of $20,000 Invested Over Five Years

30 September 2008 to 30 September 2013



Source: Platinum and MSCI. Refer to Note 2, page 3.

tapering of Quantitative Easing (QE) by the US Fed would reduce the previously strong capital flows into these economies.

The largest contributors to performance have been the Fund's Chinese holdings, in particular the Chinese Internet companies, Baidu (search engine, +64%), Sina (China's Twitter, +45%) and Youku (video streaming, +43%). The key to the turnaround in the performance of these holdings has been the growing realisation that the proliferation of mobile devices connected to the Internet is much more of an opportunity than the threat many thought it to be several months back. Other strong performers include Trina Solar (+159%), a Chinese manufacturer of photovoltaic solar panels, as the global solar industry showed signs of turning around. On the other side of the ledger, the most significant drag on Fund performance was the Fund's Indian investments. In particular, most of our Indian positions are quite sensitive to interest rates due to either the nature of their business (financials and property developers) or the level of financial gearing and as a result performed poorly due to the upward move in interest rates. Amongst the biggest detractors from performance were ICICI (bank, -17%), IDFC (non-bank financial, -31%), and Jaiprakash Associates (infrastructure projects and property, -35%).

Changes to the Portfolio

A number of new holdings were added to the portfolio during the quarter including Naver (Korea) and Tencent Holdings (China). Naver is the dominant Internet search engine in Korea with a market share of over 70%. This in itself is an interesting enough business, but its new messaging application called "*LINE*" is the key to our investment case. Messaging apps have evolved in the smart phone world as a way of bypassing telco charges for SMS. Providing your recipients have the application on their phone you can send them a text message using the data connection. The functionality of "messaging apps" has been extended to leaving voice messages, playing games with your network of contacts and now e-commerce and payment services. In the two years since LINE's launch, it has gathered over 250 million users and is the leading messaging app in Japan, Thailand and Taiwan. What's more, the business is already generating revenues of US$100 million a quarter. Tencent Holdings whose main business has been in PC on-line games supported by its messaging platform in China, operates the leading messaging app on the mobile phones with over 300 million users domestically and is gaining rapid acceptance abroad.

Elsewhere, we took advantage of the weakness in the Indian market to add a number of new holdings, as well as adding to existing positions. New holdings include Sobha Developers, a Bangalore property developer and Bharti Airtel, the leading mobile phone operator in the country. We also acquired an initial position in Tata Motors who besides having a leading position in commercial vehicles in India, also owns Jaguar Land Rover which is finding great success globally, particularly in China. We also added to positions in our financial stocks, ICICI and IDFC. These purchases were funded from cash as well as the sale of a number of positions including Taiwan Semiconductor which had reached levels in line with our assessment of fair value. During the quarter the net invested position of the portfolio increased from 93% to 97%.

Commentary

The Asian stock markets continue to be washed around month-to-month by various macroeconomic issues as they have been for much of the post-GFC period. Markets have moved from worrying about slowing investment in China, to spiking Shanghai interbank interest rates, onto the impact of a possible tapering of the US Federal Reserve's QE. In India, there has been renewed concern around the current account deficit which has seen downward pressure on the Rupee. At the time of writing, markets are pondering the potential impact of the shutdown of the US Government that has resulted from the refusal of Congress to pass the budget.

While one cannot dismiss these concerns entirely and indeed they are indicative of the problems that will likely plague the global economy for some years to come, to pay too much attention to these issues risks missing key trends that continue unabated. In the last six months, 100 million Chinese and 15 million Indians have purchased a 3G mobile phone, adding them to a growing population of individuals connected to the Internet. In China, it is estimated that over 900 million individuals have access to a broadband connection today, up from less than 300 million at the end of 2008, with one quarter of current connections occurring via a 3G mobile device.

These connections provide for access to information and government services, the ability to procure goods and to pay for them, and to opportunities for an education that in many cases would not have previously been available. In China the proliferation of Internet connectivity has created a boom in e-commerce that has seen as much as 6% of retail sales now occurring over the net from almost nothing four years ago. Not surprisingly there are significant investments being made today around logistics required to support e-commerce. In India, the government's project to provide every Indian with a unique ID via biometrics (Aadhaar scheme) continues to roll out at a rapid pace with over 400 million people now in the database. One can worry about the state of the Indian budget as it stands, but the Aadhaar scheme can potentially save the government significant funds by ensuring that the various food, fuel, and other subsidies, find their way to the intended recipients. While these developments may or may not drive entire economies, they are clearly providing interesting investment opportunities at the individual stock level.

Elsewhere, the maiden speech of the new governor of the Reserve Bank of India, Ragurham Rajan, foreshadowed a number of reforms that if put in place could potentially help break the country's current malaise. Issues that were discussed included the need for the country to attract greater capital inflows, pointing towards a relaxation of India's capital account controls. The governor highlighted the need to deregulate the financial system to allow for the expansion of bank branch networks, ATM and point of sale networks, and electronic payment systems and wallets. Other issues highlighted were the potential of the Aadhaar ID system to be the basis of a personal credit database that would allow a significant expansion in the availability of finance to individuals. He reiterated the rather old-fashioned idea that a key responsibility of the Central Bank was to maintain the value of the currency by minimising inflation, a statement that he followed through on later via an unexpected interest rate hike! All this makes sense to us, though as we have seen before in India it is often difficult to get past entrenched interests. It is therefore probably sensible to temper ones expectations for such things to happen quickly. However, with elections early next year likely to see a change of government, there is the tantalising prospect that many of the roadblocks to India's ongoing development may start to be removed.

Outlook

As we have noted in past quarterlies our expectation of future returns is primarily a function of the valuation of our holdings. While some of the Fund's positions have appreciated significantly in recent months, we are still of the view the portfolio represents good value.

Indeed, where we have reduced or sold out of positions that have approached full value, it has been encouraging that we have been able to identify new holdings that are attractively priced to take their place. The near fully invested position of the portfolio is the strongest statement we can make about our expectations for medium to long-term returns. The note of caution remains as always; as many of the world's major economies remain heavily indebted, the potential for new crises to arise and for markets to take a step back in the short-term is ever present.

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$20,000 invested in the relevant Fund over five years from 30 September 2008 to 30 September 2013 relative to their Index (in A$) 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.

3. Long invested position represents the exposure of physical holdings and long stock derivatives. The net invested position represents the exposure of physical holdings and both long and short derivatives.

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