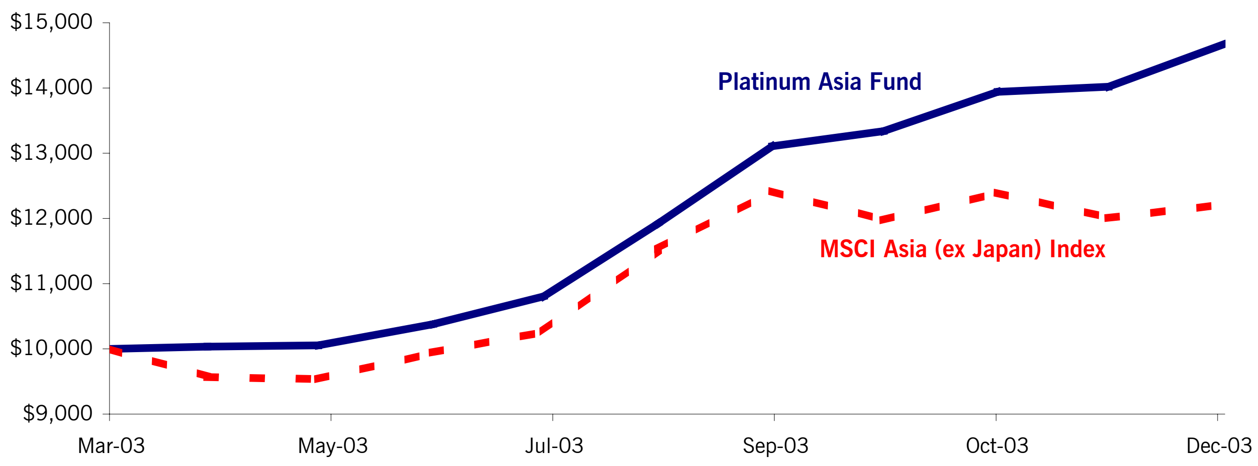
Platinum Asia Fund

Performance

REDEMPTION PRICE: $1.4536

VALUE OF $10,000 INVESTED SINCE INCEPTION (3 MARCH 2003 – 31 DECEMBER 2003)



Source: Platinum and MSCI

Refer to Note 2, page 5

(As at 31/12/03)	Fund Size	Quarter	1 year	2 years (comp. pa)	3 years (comp. pa)	5 years (comp. pa)	Since Inception (comp. pa)
Asia Fund	**$125mn**	**9.98%**		(launched March 2003)			**46.68%**
MSCI* Asia ex Japan Index		2.08%					22.18%

* Morgan Stanley Capital International

Source: MSCI and Platinum

Refer to Note 1, page 5

The Asian markets continued to perform well during the December quarter rising 14% in local currency terms (but only 2% in Australian Dollar terms due to the strong appreciation of the Aussie dollar). The better performing markets included the China 'H' shares[1] where the Resource stocks led the market higher on the back of strong commodity prices. Elsewhere India and Thailand continued to perform well as earnings and economic growth continued to exceed expectations.

DISPOSITION OF ASSETS

Region	Dec 2003	Sep 2003
India	46%	42%
Hong Kong	5%	8%
Indonesia	7%	7%
Korea	9%	7%
Thailand	6%	4%
Malaysia	2%	4%
Singapore	2%	1%
China	13%	4%
Cash	10%	23%
Short	6%	17%

Source: Platinum

The Fund appreciated by 10% for the quarter with the major contribution to returns coming from the Fund's Indian holdings. CESC and Tata Power (Indian electricity generators and distributors), Jaiprakash (Indian construction contractor), and Travelsky (Chinese travel reservation system) were amongst the best performers. The main detractor from performance was the rising Australian Dollar. The Fund's exposure to the Australian Dollar through the quarter ranged from 11% to 35% which offset some of the adverse impact. Small short positions on the Indian and Hong Kong stock market indices also held back the Fund's performance.

Portfolio

New additions to the portfolio include Jingwei Textile Machinery, China's leading provider of spinning machinery for natural yarns. Jingwei is well placed to benefit from the current capital spending cycle by the textile sector in China as it prepares for full removal of the quota system for textiles and apparel trade, as well as the ongoing upgrading of the textile industry's aging capital base.

ZTE Telecom is a Chinese supplier of telecom equipment that is benefiting from the roll-out of low cost wireless local loop networks in China.

In India there have been a number of changes with the Fund having sold its positions in Container Corp (containerised rail transport), Bharat Electronics (defence electronics) and Jindal Steel as these stocks had surpassed target prices.

The major new holding in the Indian portfolio is Reliance Industries - a conglomerate with interests in petrochemicals, oil and gas, telecommunications, and electricity.

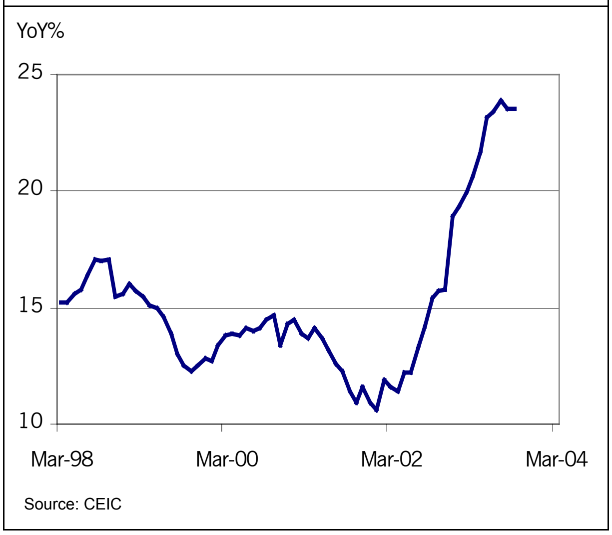
Outlook

China has been a focal point for global markets during the last quarter with its voracious appetite for resources fuelling a bull market in a wide range of commodities. The growth has been such that many commentators on China are now concerned about the sustainability of the investment boom as inflation has reached six year highs and credit continues to expand at a rapid rate. Meanwhile protectionist sentiment continues to rise in the US with authorities pressing the Chinese to revalue the Renminbi and the application of anti-dumping tariffs and quotas to a small number of Chinese imports. Despite these concerns foreign investors have continued to chase up the share prices of Chinese companies, with the Hong Kong Index of 'H' shares up 56% this quarter. Although inclined to be cautious from a short term perspective as stock prices have indeed had an extraordinary run, we would be sanguine with regards to the longer term prospects for China and Chinese stocks.

As a result of strong capital expenditure, annual growth in bank lending has picked up from around 11% in early 2002 to above 20% throughout 2003.

Assessing whether such credit growth is excessive and indicative of speculative excesses is somewhat problematic. Although at face value this may appear to be a high number, it was several years of credit growth at these levels that led to the Asian crisis of the mid 1990s. Indeed with the introduction of private property rights in China (see our September 2003 quarterly report) one year of strong loan growth seems far from excessive. These are not scientific assessments but those still worried about rampant bank lending in China should reflect on credit growth numbers in Australia with housing lending slowing to 20% annual growth!

CHINESE BANK LOAN ANNUAL GROWTH %



Much of the concern relates to the hectic pace of investment in new capacity in industries such as cement, steel, automobiles, textiles, and property.

In the last quarterly report we discussed the cement industry where 200m tonnes per annum of capacity are to be added over the next three to four years compared with the existing output of approximately 650m tonnes pa. Although this is indeed a gargantuan increase, it will largely replace existing small inefficient plants based on old wet kiln processes.

[1] H shares are shares of Chinese State companies listed in Hong Kong.

In textiles there has been a progressive dismantling of the quota system that limited China's ability to expand in this market. In 2002 China's exports to the US in apparel categories that were removed from the quota system increased between 200% to 700%. In 2005, the remaining 50% of the apparel market will be removed from the quota system providing another opportunity for growth in textile exports. As such there would appear to be a reasonably sound basis for the strong capital spending by textile and apparel producers. In autos, capacity is set to more than double over the next three years to approximately 5.6 million vehicles pa., a number that is not out of line with recent growth in vehicle sales.

Another sign usually associated with speculative excesses is rampant asset price inflation. Yet despite strong lending to the real estate sector, residential property prices in the three major cities remain subdued.

Interestingly the Shanghai stock market (the market in which locals can participate) is up only 8.5% this year. (That the Chinese 'H' shares which foreigners can buy are up 125% may well suggest that the speculative excesses are elsewhere!). The latest CPI figures do show a 3.2% increase over the last year, the highest increase in over six years, but the major contributor to this rise has been higher grain prices due to the worst drought seen in parts of the country for 40 years.

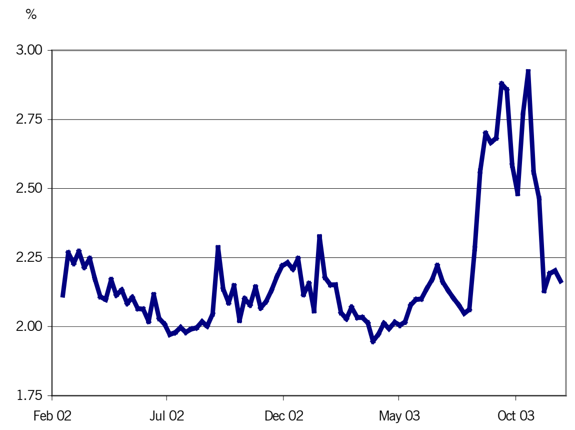
As mentioned earlier, China is having a major impact on the global commodity markets but even here the effect may well be overstated. The country is experiencing significant infrastructure bottlenecks which has resulted in coal shortages in the South and subsequent restrictions on exports of coal from the North. Anecdotal evidence would suggest commodity buyers in China are building inventories to avoid potential shortages.

Nevertheless, the People's Bank of China has been taking measures to cool the economy through increasing the reserve requirements of the banking system and other qualitative measure to slow loan growth. Although many are cynical about the ability of such measures to have an impact, it would appear that the pace of the growth in imports and bank lending has slackened in the last quarter. Indeed the inter-bank interest rate in China has fallen back in recent weeks.

As such we would not be surprised to see a pull back in the 'H' shares of the Chinese Resource companies that have led the rally along with some set back in expectations for growth in the Chinese economy in the early part of next year.

However, this should be seen in the context of an investment boom in the economy that has some way to run. A final note of caution on growing US protectionism needs to be made. To date the actual measures taken against Chinese imports are relatively insignificant with regard to the value of goods involved and indeed the actions should be seen as part of the 2004 US electioneering process, yet the rising tide of protectionism from the West remains a key risk for the China story.

CHINESE INTER-BANK RATE



Source: CEIC

In India, the benefits of a decade of deregulation and economic reform have has been strongly evident in 2003 with the country experiencing one of its strongest periods of economic growth. The combination of lower prices and the availability of cheap financing is stimulating demand for a broad array of businesses. For example, in 1999 the mobile phone business was thrown open to free competition at a time when the country had approximately two million mobile phone subscribers. Subsequently, call charges have fallen by over 80% and in 2003 mobile subscribers increased by 17m to end the year at 31m. More importantly there are signs of a general pick up in business investment with truck sales up more than 30% this year.

During the quarter an important development was the result of State elections which saw the governing party at the Federal level, the BJP, win office in a number of the larger States. The significance is that economic progress has rewarded the BJP with a strong result at the polls, fortifying their resolve to press ahead with reform. (The one exception was in

Delhi where the reformist Congress party government was returned to power). Despite significant progress since the end of the "self-reliance" era in 1991, there are many critical areas where further reform is still required. Complex labour laws have meant that India, despite very competitive wages, has struggled to compete with China in areas such as textiles and contract manufacturing. The removal of the quota system for textiles and apparel represents a major opportunity for India but further reform of labour laws is required if this is to be fully exploited. The opportunity for the country was further highlighted by Wal-Mart's announcement that they were scouting for Indian suppliers in order to diversify their sourcing away from their heavy reliance on China.

Meanwhile the Indian stock market had an extraordinary quarter rising over 33%. Despite this large move, the valuations of the Fund's holdings remain attractive due to strong growth in profits and the very deep value that the Indian market presented earlier in the year. However given the gradient of the rise in many share prices, it would not surprise if the market was to pull back in the early stages of 2004.

Andrew Clifford

Portfolio Manager

Notes

1. The returns represent the combined income and capital return for the specified period. They have been calculated using withdrawal prices, after taking into account management fees (excluding any performance fees), pre-tax, and assuming reinvestment of distributions. The returns shown represent past returns of the Fund only. 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, returns can be negative (particularly in the short-term).

2. The investment returns depicted in the graphs are cumulative based on A$10,000 invested in the Funds since inception and relative to their Index (in A$) as per below:

   Platinum Asia Fund:
   Inception 3 March 2003, MSCI Asia Free ex Japan Net Return Index in A$

   The investment return in the Funds is calculated using withdrawal prices, after taking into account management fees (excluding performance fees), pre-tax and assuming 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.

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 as trustee for the Platinum Asset Management Trust (*Platinum*) is the issuer of units in the Platinum Trust Funds (*the Funds*).

The Platinum Trust Product Disclosure Statement No 4 (PDS), *for Australian investors,* and The Platinum Trust Investment Statement No 8 (IS), *for New Zealand investors*, provides details about the Funds. You can obtain a copy of the PDS or IS from Platinum's web site, www.platinum.com.au, or by phoning our Investor Services staff on 1 300 726 700 (*Australian investors only*) or 02 9255 7500.

Before making any investment decision you need to consider (with your securities adviser) your particular investment needs, objectives and financial circumstances. You should refer to the PDS or IS (whichever applicable) when deciding to acquire, or continue to hold, units in the Funds.

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