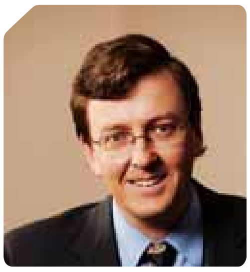
PLATINUM ASIA FUND



Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 31 December 2007)

	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	5%	31%	24%	30%	33%
MSCI AC ASIA EX JAPAN INDEX	2%	26%	25%	27%	24%

Source: Platinum and Factset. Refer to Note 1, page 32.

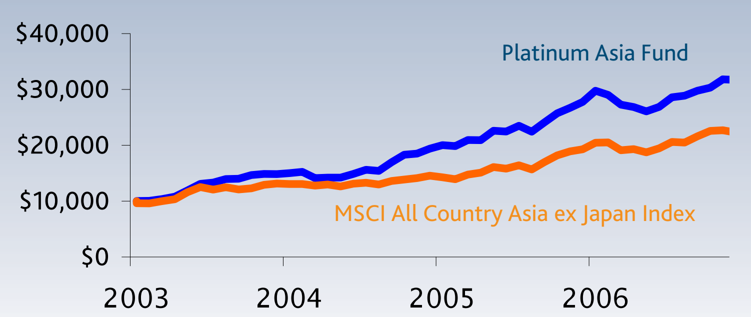
The early stages of the quarter saw Asian markets continue to move ahead strongly on the back of US interest rate cuts. However, by the midway point, renewed turmoil in global credit markets once again gave cause for concern and stocks retreated from their highs. Interestingly China stocks which had been leading the charge were amongst the weakest (both H and A shares were down just over 5% for the quarter) with the Indian market (up over 20%) leading the way due to enthusiastic buying by local investors. The Fund's outperformance for the quarter can be attributed primarily to the portfolio's holdings in the Indian and the ASEAN markets of Malaysia, Thailand, and Indonesia.

DISPOSITION OF ASSETS

REGION	DEC 2007	SEP 2007
CHINA (LISTED EX PRC)	19%	27%
HONG KONG	8%	5%
CHINA (LISTED PRC)	2%	5%
TAIWAN	6%	5%
GREATER CHINA TOTAL	35%	42%
INDIA	11%	13%
KOREA	12%	12%
THAILAND	8%	8%
MALAYSIA	5%	6%
INDONESIA	3%	3%
SINGAPORE	2%	2%
PHILIPPINES	1%	0%
CASH	23%	14%
SHORT DERIVATIVES	4%	14%
LONG DERIVATIVES	1%	3%
NET DERIVATIVES	3%	11%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 31 DECEMBER 2007

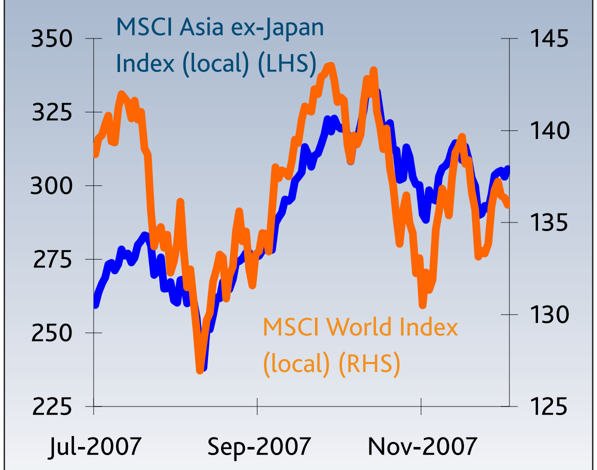


Source: Platinum and MSCI. Refer to Note 2, page 4.

CHANGES TO THE PORTFOLIO

A key change to the position of the portfolio over the quarter was to increase cash holdings from 14% to 23% while reducing the short positions from 14% to 4%. The net effect was a small change to the net invested position of the portfolio but one that allows greater flexibility to acquire any bargains that may become available as a result of any weakness in markets. Cash was raised from the sale of strongly performing stocks such as Reliance Energy (Indian power utility) and Zhengzhou Yutong Bus Co (China bus manufacturer). New holdings for the Fund include Jardine Matheson (regional investment company – see later discussion), Vista Land (Philippines property developer), and Galaxy Entertainment (Macau property and casinos).

Regional Markets Fluctuations



Source: MSCI

COMMENTARY

The question being asked by many investors is how Asian markets will fare if the US economy enters a recession as a result of the current turmoil in credit markets?

The simple answer is that Asian stocks are almost certain to perform poorly in such an environment, though it need not particularly follow that regional economic growth deteriorates significantly. Global investors remain key participants in all of the region's stock markets, and if prospects in home markets deteriorate significantly, the increasing risk aversion may result in Asian markets being sold and funds being taken home. Valuations in the region are far from compelling on an aggregate basis (and in fact are high relative to history), thus potential new buyers of the markets (such as Chinese domestic investors) are unlikely to stand in the way of concerted selling by foreigners. If you doubt this assertion then examine the regional markets fluctuations (see chart above) since the initial seizure in credit markets in July. This shows a clear pattern of Asia rising and falling in lockstep with developed markets. This high correlation with global markets is unlikely to disappear in the next few months if economic growth in developed economies slows.

A more difficult question to answer though is how a slowdown in the West might impact Asian economic growth and profits?

The standard response from economists would be that a slowdown in the West will reduce trade surpluses and thus economic growth. What is being expressed here is a mathematical concept. Trade surpluses are a component of GDP and thus if they are smaller than previously expected, GDP must also be smaller than it would otherwise have been! This linear approach to the problem, however, misses the dynamic nature of economies such as China and India. No doubt slowing growth in China's exports will result in lower employment (growth), investment, and profits for exporters. The question though is whether other domestic sectors within the economy will take up the slack? China's economic development in recent years has been a story of a rolling investment boom from one sector to another. Nevertheless given the size of the export sector it is likely that there will be some slowing of economic growth but it needn't be the case that all businesses are equally impacted. Domestic demand-related business may well continue to grow at good rates.

However, all of the discussion so far ignores what is probably a far more important question. ***What will be the impact of various measures taken (and those yet to be taken) by the Chinese authorities aimed at controlling an increasingly dire outlook for inflation?***

Inflation continues to accelerate in China driven by food prices, which are up 15% on a year ago. Despite China's prosperity food still consumes a significant proportion of household budgets for the vast majority. Ongoing food price inflation of this magnitude can magnify growing social disharmony, though there may be some offset with the benefits to boosting rural incomes. Often it is assumed that food inflation is caused by short-term events (currently in China, the price of pork has been lifted due to "blue ear" disease in pigs), but there is a real possibility that it may become a more inexorable problem as there are signs that the supply–demand balance in many basic foodstuffs is becoming tighter, both in China and globally.

Whether this is or isn't the case, Chinese authorities continue to try and slow the pace of economic growth through interest rates and banking reserve requirements (both aimed at slowing lending) and administrative measures applied to booming sectors such as property development. Although we are yet to hear the debate start, at some point there will be much discussion about whether China will have a soft or hard landing. In this context, a slowdown in the West may well be a blessing in disguise for China. Our best guess would be that the momentum in the domestic economy should result in any downturn in growth being relatively minor and short-term.

So what is one to do with Asian stocks given the uncertainties?

It is clear that the leading stocks of the Chinese and Indian bull markets are expensive. That is not to say they cannot appreciate further but we would not wish to own such stocks at this point. However, the bull market has not equally lifted all stocks and we can still identify attractively valued companies. For example, Jardine Matheson, which was added to the portfolio in the current quarter, is an investment company with controlling interests in a portfolio business operating primarily in Greater China and South East Asia. Businesses include retail, auto and heavy equipment distribution, hotels, property investments, and infrastructure. Most of these businesses are strongly positioned within their market and we would expect the group to produce earnings growth in the order of 15% over the next five years. Today the stock trades at a price earnings ratio of 14, which given the quality of the underlying businesses and the strong balance sheet, is surely an attractive valuation for all but the most dire outcomes for regional growth. Other stocks that offer similarly compelling cases include Hutchison Whampoa (HK and Chinese ports, mobile telephony), Samsung Electronics, Far Eastone (Taiwan mobile telephony), Kangwon Land (Korean casino), and Bangkok Bank. Our approach at this point is to continue to invest in stocks where valuations are attractive, while maintaining reasonable cash balances that can be put to work if there are periodic down drafts.

A last point to note is that currencies may well act to buffer Australian investors from the worst of any sell-offs in Asia.

As most of the scenarios that would lead to a sell-off in Asian equities involve lower expectations for global economic growth, it is likely that the Australian dollar would depreciate in such circumstances given its strong correlation to commodity prices. As the Fund has minimal exposure to the Australian dollar, this would potentially offset losses from stocks. Indeed over the last six months much of the moves in Asian stocks (both up and down) has been countered by moves in the Australian dollar. A further consideration is the substantial undervaluation of many of the Asian currencies, which should appreciate as part of the rebalancing of world activity.

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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