PLATINUM ASIA FUND

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Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 31 December 2008)	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	-10%	-29%	3%	14%	19%
MSCI AC ASIA EX JP INDEX	-11%	-40%	-2%	7%	10%

Source: Platinum and MSCI. Refer to Note 1, page 36.

The quarter began with the bankruptcy of Lehman Brothers and the subsequent collapse of financial markets globally. By the end of November the real world impact of the seizure in global credit markets over the past 12 months was becoming clear as Asian economies faced unprecedented falls in exports. At the same time the tight monetary policy in China and India over the last 18 months was starting to impact the property sector which had been a major driver of activity in these countries. The Asian markets fell a further 19.9% in local currency terms taking losses for the year to 48%. For Australian investors these losses were significantly reduced by a depreciating Australian dollar, resulting in an 11.2% fall in the MSCI Asia ex Japan in Australian dollar terms for the quarter and 40% for the year.

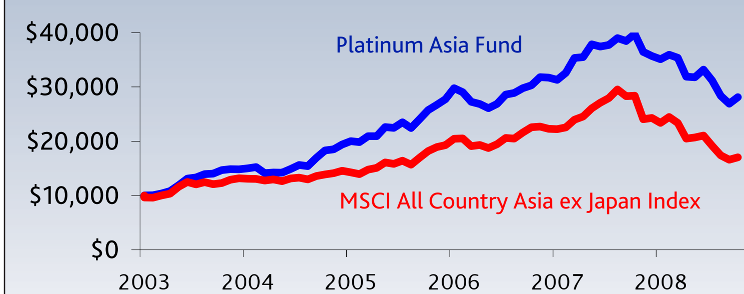
What was remarkable about the quarter was the broad based nature of the declines which saw most countries and sectors experiencing similar price falls. Exceptions were the Hong Kong H Shares which fell 13% and the defensive sectors of telecommunications and health care. As a result many of the Fund's holdings were impacted and the Fund's outperformance for the quarter was primarily a function of its cash holdings.

DISPOSITION OF ASSETS

REGION	DEC 2008	SEP 2008
CHINA (LISTED EX PRC)	19%	14%
HONG KONG	10%	11%
CHINA (LISTED PRC)	4%	4%
TAIWAN	9%	7%
GREATER CHINA TOTAL	42%	36%
KOREA	14%	11%
THAILAND	9%	9%
INDIA	2%	6%
MALAYSIA	7%	6%
INDONESIA	4%	5%
SINGAPORE	5%	5%
PHILIPPINES	3%	3%
CASH	14%	19%
SHORTS	0%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 31 DECEMBER 2008



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

CHANGES TO THE PORTFOLIO

The net invested position of the portfolio increased from 80% to 86% during the quarter. The Fund took advantage of lower prices to add to a broad range of its existing holdings. In addition the Fund substantially exited its holdings in Indian Banks due to our concerns that they will face significantly higher credit costs over the next two years. Many of the Asian currencies have held-up relatively well against global currencies despite changes in trade flows suggesting they should do otherwise. As a result the exposure to the Australian dollar was increased to 29% from zero as its price had adjusted significantly in comparison.

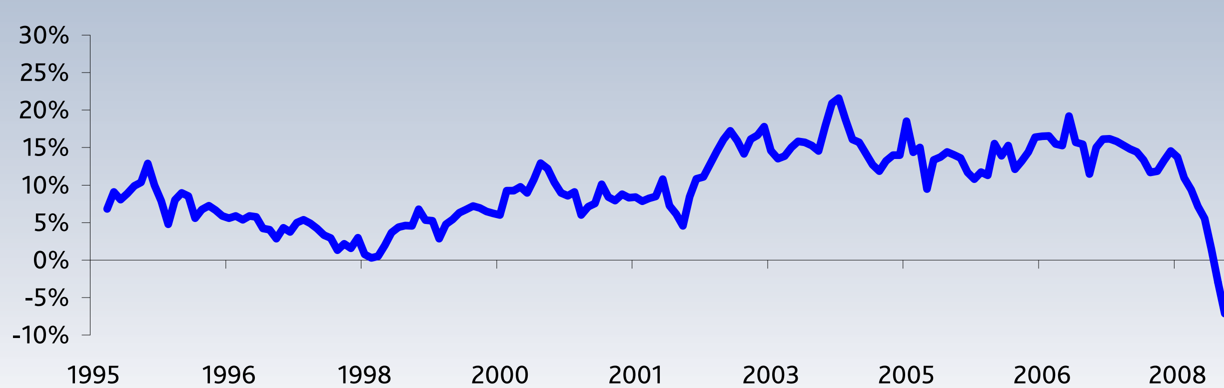
COMMENTARY

During the last quarter Asia has experienced a dramatic collapse in export markets which should result in an acceleration of the trend of factory closures and job losses that was already evident in export zones across China. This has occurred just as policy measures such as higher interest rates (which had been put in place over the last two years in response to concerns regarding inflation) started to impact the major domestic economies of the region. In particular, residential property development has slowed dramatically in China and India as markets have suffered from oversupply. As economic statistics are released in coming weeks it is probable that most countries will register dramatic falls in the level of activity for the last quarter of 2008. In the case of China, even if the statistics don't show such a decline, it is clear from indicators of real activity, such as electricity production (see chart below) that there has been a significant slowdown. It should be expected that company profits will be well below the expectations of mid-2008.

However, one should be wary of extrapolating these outcomes to a longer term trend. In the initial stages of any downturn the impact of reducing inventories across the supply chain will exaggerate the change in direction. In the current environment, this has been further multiplied by the seizure in credit markets resulting in those who may still have bought or invested being unable to do so due to a lack of funds. The end of the de-stocking process and an improvement in credit markets' conditions (a process which is already well under way) should see the end of this dramatic collapse in activity during the first half of 2009. This is not to say though that one should expect a rapid rebound to the growth rates of recent years, as the overhang of debt in much of the developed world will mean that export markets remain subdued.

The best chance for a recovery in the Asian economies will be the domestic economies responding to policy

CHINESE MONTHLY POWER GENERATION GROWTH (YOY, 3 month moving average)



Source: Factset

initiatives to restore growth. In China, interest rates have now been cut by more than 2% and restrictions on bank lending eased. Government spending on infrastructure projects has been dramatically increased and various tax cuts announced. The government balance sheet is in good shape, as are those of households and much (but not all) of the corporate sector. In these circumstances one would expect the domestic Chinese economy to respond well to these initiatives. In particular once the excess stock in the housing market is cleared it is likely to again become a major driver of growth. India has also seen interest rates fall by more than 3% and fiscal initiatives announced. Although this economy is clearly less export dependent than China and the rest of the region we are more circumspect about the likelihood of a recovery here due to the high growth rate of bank lending (averaging 30% pa) over the last five years.

The question for investors though, as always, is not so much about the economic outlook but whether share prices reflect the more difficult environment we face. In the last quarterly report we commented that though there was significant evidence that China was slowing it was far from clear whether this was fully appreciated by all market participants. The slumping commodity markets suggest this is no longer the case. Indeed, the prices of many stocks traded during the quarter, in our judgement, were pricing in extremely dire outcomes.

The following stocks discussed below are all companies that have long been held by the Fund, and have each been mentioned in past quarterly reports. All of them are high quality businesses, have strong balance sheets, and are trading at valuations not frequently seen. In each case the Fund added to these holdings during the quarter with purchases made at prices up to 40% below those discussed below.

KB Financial Group (formerly Kookmin Bank) of Korea is the country's dominant bank with over 20% of the country's deposit base. As a result of its position the bank is highly profitable (despite being overcapitalised) and in recent years has earned a return on equity in the high teens. At quarter end, KB's stock was trading at 70% of book value, 5 times earnings, and providing a dividend yield of over 7%. Clearly credit costs will be rising for the bank as weak export markets impact their customers as will the collapse in the residential property market. Nevertheless, in our assessment, the current price more than compensates for this risk.

Astra International is an Indonesian conglomerate with businesses in auto and construction equipment distribution (Toyota cars, Honda motor bikes, and Komatsu), mining contracting, and palm oil plantations. The company is part of the Jardine Matheson group and thus has the benefit of a stable major shareholder, strong management, and a clean balance sheet. Undoubtedly the businesses are cyclical and we would expect the company to experience a significant fall in profits this year. Trading at around 6 times peak earnings (a somewhat higher multiple of 2009 earnings) and with a dividend yield of 6%, the current price represents good buying.

Denway is one of Honda's JV partners in China, producing and selling a number of Honda's models across the country. Having entered the market in 1999 Honda has established itself as one of the leading foreign auto companies in China as a result of a strong focus on its sales and service network. The result has been a highly profitable business that has generated significant excess cash flow. Passenger vehicle sales have already stalled in China and one would expect 2009 to be a poor year for the auto industry. The stock is trading at around 7.5 times 2008 earnings, or if one nets out the substantial cash balances held by the company, less than 6 times earnings.

It is likely that there will be more bad news ahead and the markets will become a tug of war between poor results and hopes that policy makers across the globe will be able to turn faltering economies around. While a return to an environment of the last decade seems unlikely, there may well be bright spots in those countries (including much of Asia) which are not drowning in debt. Meanwhile, the companies mentioned above, along with many of the others held by the Fund, are trading at valuations that have rarely been seen and by historical standards would be considered highly attractive. That doesn't particularly mean that they will provide great returns in the near term, but in most cases the Fund's holdings are providing good dividend yields so at least one is being paid to wait.

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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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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