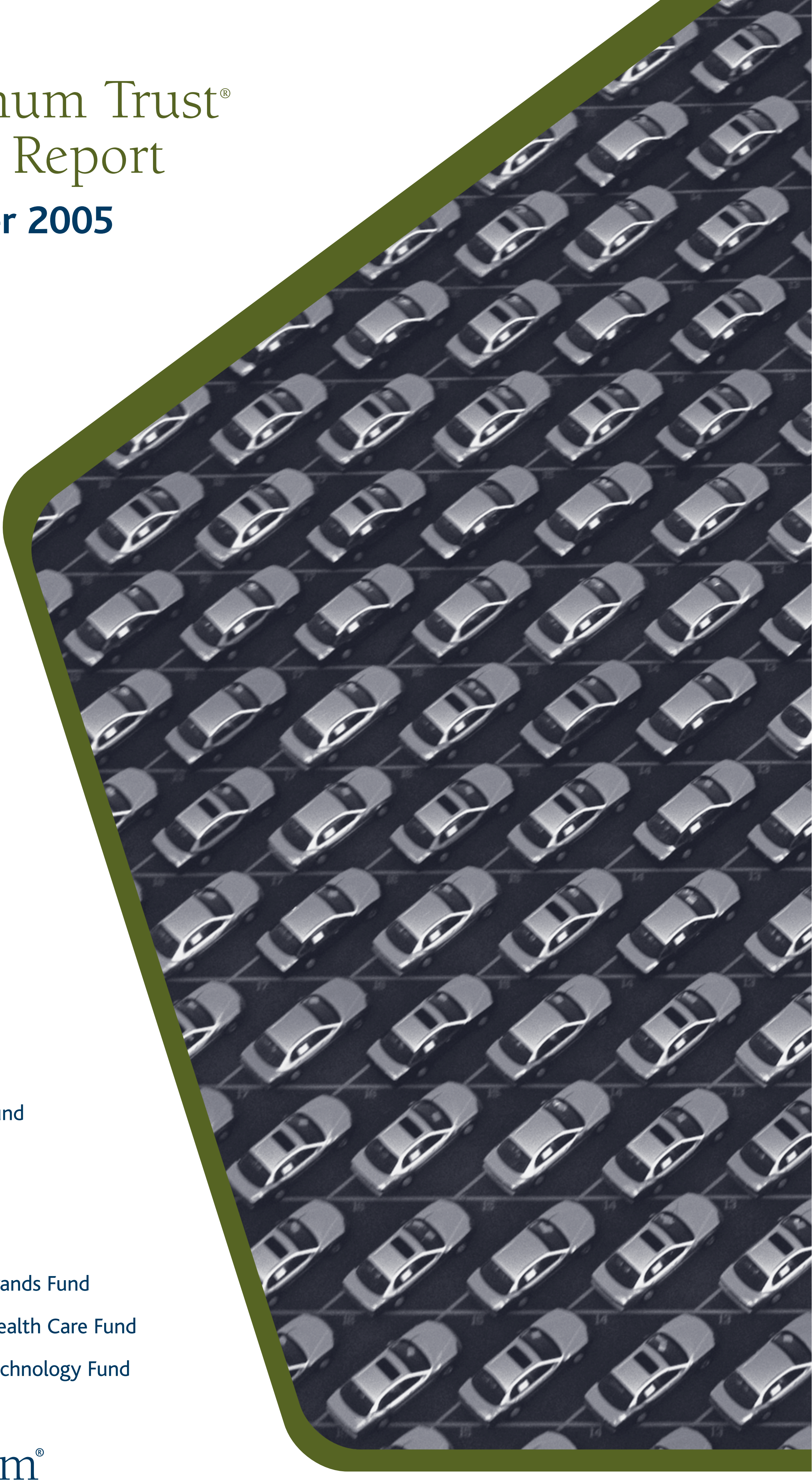
The Platinum Trust® Quarterly Report

30 September 2005



Platinum International Fund
ARSN 089 528 307

Platinum Asia Fund
ARSN 104 043 110

Platinum European Fund
ARSN 089 528 594

Platinum Japan Fund
ARSN 089 528 825

Platinum International Brands Fund
ARSN 092 429 813

Platinum International Health Care Fund
ARSN 107 023 530

Platinum International Technology Fund
ARSN 092 429 555

Platinum® ASSET MANAGEMENT

Front cover photograph: Getty Images

CONTENTS

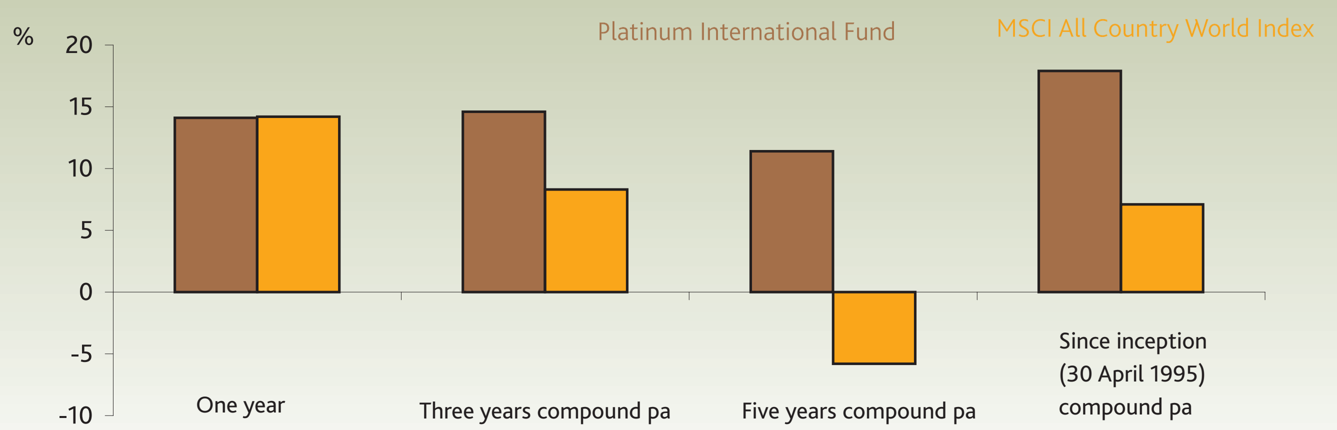
PERFORMANCE RETURNS TO 30 SEPTEMBER 2005

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$6,626m**	**11.6%**	**14.1%**	**12.2%**	**14.6%**	**11.4%**	**17.9%**
MSCI AC* WORLD INDEX		7.4%	14.2%	11.9%	8.3%	-5.8%	7.1%
ASIA FUND	**$940m**	**12.3%**	**50.4%**	**32.7%**	**-**	**-**	**39.3%**
MSCI AC ASIA EX JAPAN INDEX		8.7%	23.4%	16.7%			21.2%
EUROPEAN FUND	**$211m**	**7.2%**	**17.3%**	**16.5%**	**21.1%**	**9.4%**	**16.2%**
MSCI AC EUROPE INDEX		8.1%	18.8%	18.1%	12.8%	-3.0%	-0.1%
JAPAN FUND	**$445m**	**20.3%**	**29.9%**	**22.3%**	**19.6%**	**9.5%**	**25.2%**
MSCI JAPAN INDEX		19.0%	20.4%	11.7%	5.8%	-7.6%	1.8%
INTERNATIONAL BRANDS FUND	**$276m**	**8.8%**	**35.7%**	**22.1%**	**19.4%**	**18.6%**	**17.9%**
MSCI AC WORLD INDEX		7.4%	14.2%	11.9%	8.3%	-5.8%	-5.0%
INTERNATIONAL HEALTH CARE FUND	**$13m**	**8.9%**	**2.0%**	**(LAUNCHED NOVEMBER 2003)**			**1.7%**
MSCI AC WORLD HEALTH CARE INDEX		3.6%	8.3%				9.0%
INTERNATIONAL TECHNOLOGY FUND	**$44m**	**11.1%**	**6.2%**	**5.0%**	**16.2%**	**4.6%**	**10.2%**
MSCI AC WORLD IT INDEX		6.0%	8.9%	1.6%	9.1%	-19.3%	-19.1%

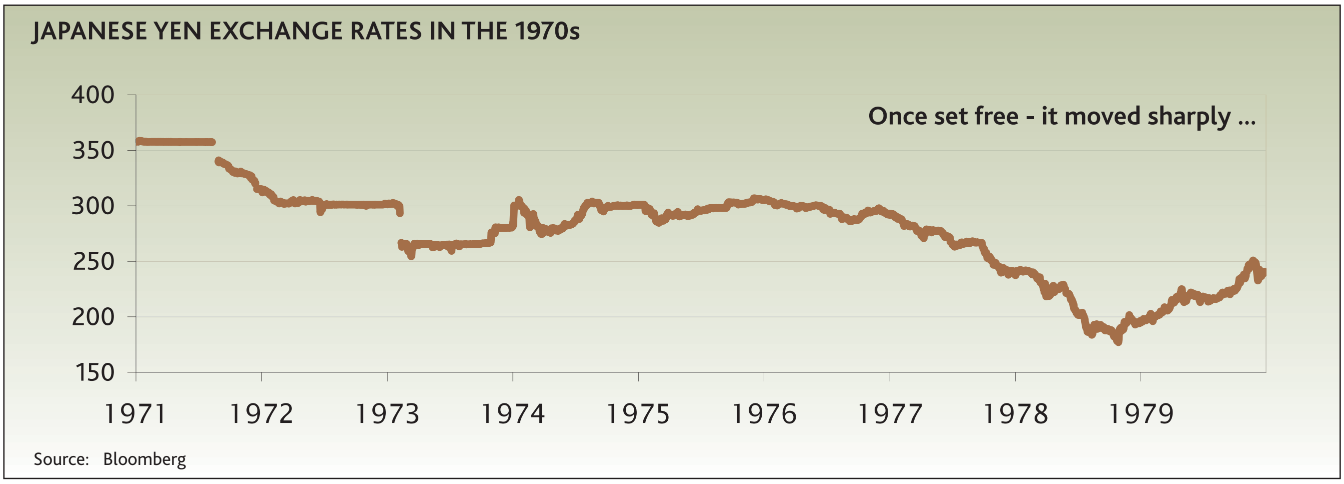
*Morgan Stanley Capital International All Country

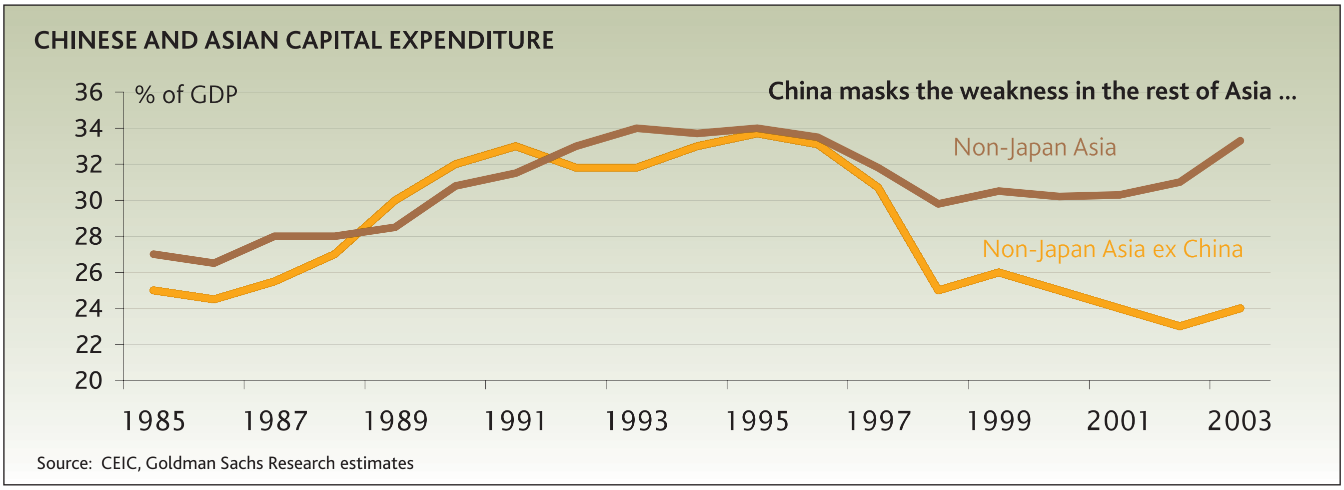
Source: Platinum and Factset. Refer to Note 1, page 36..

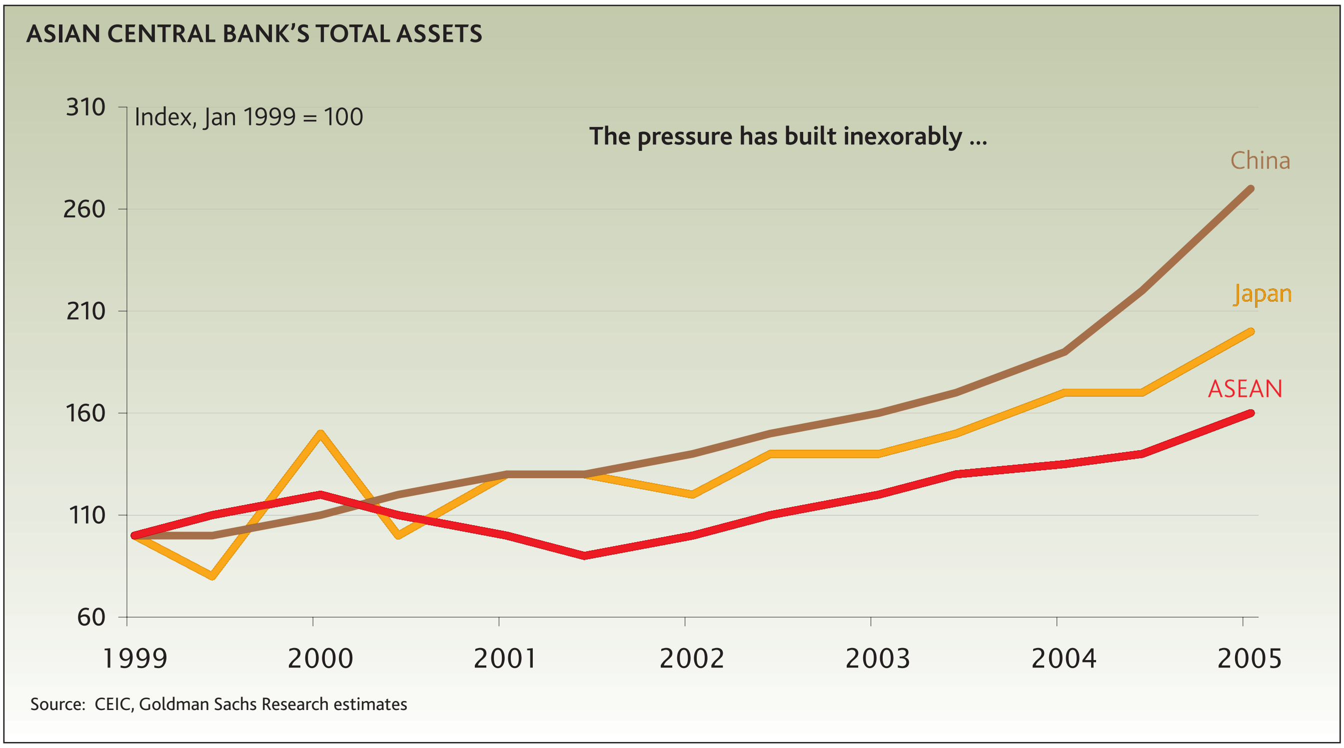
PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 30 SEPTEMBER 2005



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


JAPANESE YEN EXCHANGE RATES IN THE 1970s
Once set free - it moved sharply ...
400
350
300
250
200
150
1971
1972
1973
1974
1975
1976
1977
1978
1979
Source: Bloomberg


CHINESE AND ASIAN CAPITAL EXPENDITURE
% of GDP
China masks the weakness in the rest of Asia ...
Non-Japan Asia
Non-Japan Asia ex China
36
34
32
30
28
26
24
22
20
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
Source: CEIC, Goldman Sachs Research estimates


ASIAN CENTRAL BANK'S TOTAL ASSETS
Index, Jan 1999 = 100
The pressure has built inexorably ...
China
Japan
ASEAN
310
260
210
160
110
60
1999
2000
2001
2002
2003
2004
2005
Source: CEIC, Goldman Sachs Research estimates

PLATINUM INTERNATIONAL FUND

Kerr Neilson
Managing Director

PERFORMANCE

The portfolio has had a nice change of pace this quarter. Several of our long-standing themes have sprung to life, and some of our more recalcitrant holdings have begun to gain traction. Most notably, the Japanese market exploded out of the blocks with a clear shift of investor sentiment in response to the re-election of Junichiro Koizumi and further evidence that the economic recovery is self-sustaining. The same shift in view has helped our German holdings, while the desire to lay-off bets on the gold price has seen our gold shares have one of their biggest quarters for a long time. Countering these positives were relatively few negatives with even our shorts and currencies being largely neutral.

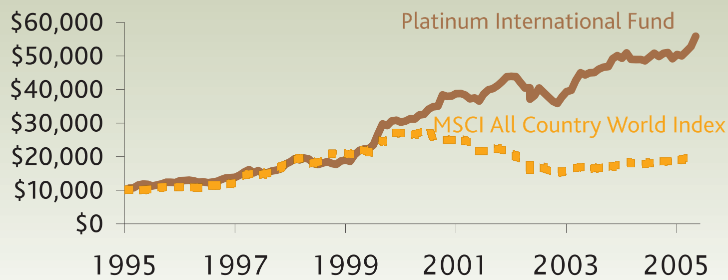
The Fund outperformed the MSCI World Index for the quarter with a return of 11.6% versus 7.4% and for the year it has now performed in line at just over 14%. Again we highlight the problems with short term performance-monitoring to track whether the manager is competent or not. The accompanying tables (below and over) reveal the extraordinary dispersion of returns over the last three and 12 months of important share indices on both a country and industry basis. This serves only to alert readers to the magnitude of opportunities, as the achieved returns of both the MSCI and our portfolio are significantly influenced by weighted exposure.

MSCI WORLD INDEX INDUSTRY PERFORMANCE (AUD)

SECTOR	QUARTER	1 YEAR
ENERGY	19%	43%
MATERIALS	15%	19%
INDUSTRIALS	8%	13%
UTILITIES	7%	27%
FINANCIALS	7%	14%
INFORMATION TECHNOLOGY	6%	9%
CONSUMER STAPLES	6%	13%
TELECOMMUNICATIONS	5%	9%
CONSUMER DISCRETIONARY	4%	7%
HEALTH CARE	4%	9%

Source: Factset

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

MSCI WORLD INDEX COUNTRY PERFORMANCE (AUD)		
COUNTRY	QUARTER	1 YEAR
BRAZIL	37%	81%
KOREA	22%	51%
JAPAN	19%	20%
INDIA	16%	51%
AUSTRALIA	11%	34%
GERMANY	10%	20%
FRANCE	9%	20%
HONG KONG	8%	18%
UK	6%	14%
US	3%	7%

Source: Factset

CURRENCY

The revaluation of the Chinese yuan by 2% in July was the beginning of a significant change in the currency markets, yet after the initial gyrations, the excitement subsided and participants settled back to the daily grind. As we had indicated in the last quarterly, any temporary weakening of the A$ would be used to increase our hedging out of the US$ and the Japanese yen; this we did.

We find this a difficult decision because of Australia's predilection for foreign debt, two thirds of which is owed in currencies other than our own. The case to be made for the A$ relies on world growth being maintained at current levels which should sustain the country's improved terms of trade*. In addition, there is sufficient buoyancy in the domestic economy to ensure that short term interest rates do at least hold at present levels. With the continuing quest for yield, this should allow the country to remain relatively indebted yet still attract incremental foreign flows.

* This concept compares the value of a basket of our typical exports against a basket of our normal imports. After several decades of weakening relative prices, our commodity exports have been gaining in purchasing power against our manufactured imports.

SHORTING

The clear underperformance of the US markets suggests that our choice of predominantly shorting the US indices and shares has been technically correct albeit unhelpful to performance. The introduction of puts has given us some protection from upside spikes but at the cost of premium decay.

CHANGES TO THE PORTFOLIO

DISPOSITION OF ASSETS		
REGION	SEP 2005	JUN 2005
JAPAN	32%	31%
WESTERN EUROPE	26%	29%
NORTH AMERICA	17%	17%
EMERGING MARKETS	14%	12%
CASH	11%	11%
SHORTS	34%	30%

Source: Platinum

We have been most active in the Japanese market this quarter rearranging some of the holdings. Out went **NTT** and **NTT DoCoMo**, **Tokyo Broadcasting**, **Mitsubishi Chemical**, **Mitsubishi Tokyo Financial**, **Sumitomo Corp**, and some **Aiful**, **TDK** and **Fuji Electric**. These funds were used to bolster existing positions such as **Sumitomo Mitsui Financial**, **Toyota Industries**, **Nikko Cordial**, **Mitsui Corp** and **MHI**. New positions are being assembled in some **regional banks**, **Omron** and **Dai Nippon Printing**.

It is not as though the companies that were disposed of are at their full value but it has been a matter of taking advantage of laggards in what we believe to be the early days of a major bull market in Japan. For example, the switch into Sumitomo Mitsui Financial from MTFG is based on the improving quality of Sumitomo's profits, as they replace carry-trade earnings with traditional financial service margins. Moreover, Sumitomo Mitsui seems, on our investigation, to be doing more to prepare for the inevitable battle for consumer loyalty.

In Korea we reduced **Samsung Securities** and **Seoul Broadcasting** after strong runs, and have switched into **Samsung Fire and Marine**, and **Kookmin Bank**. Both of the latter are under a cloud regarding the sustainability of their profits.

Kookmin benefits from its leading position in the highly oligopolistic banking market. Its history as a quasi-Government entity makes investors cautious about the sustainability of its earnings. However, from reading the Bank of Korea's policy statements, it is clear that the Government has stepped away from its former posture of using the banks as instruments of state industrial policy.

Samsung Fire and Marine is in a similar leading position as the country's best capitalised provider of long term health and welfare insurance policies. The nature of this business is that earnings will grow quickly for several years and mistakes, if any, will not be apparent within our normal investment horizon of five years.

In Europe, we have now left **Merck KGaA and adidas**, and have reduced **Linde** significantly. We have trimmed **Deutsche Post**, **Carrefour** and **Alleanza**, while initiating positions in **Norske Skog**, and **UPM**. These two paper makers have little to commend them at present. The industry is beset with chronic over-supply exacerbated by some reduction of newsprint usage as advertisers shift more to the Internet. However, the shares trade at around book value, UPM pays a good dividend and we can identify reasons why these businesses may perform better than is reflected in their current share prices.

We were disappointed in adidas' purchase of Reebok and took advantage of the market's enthusiasm to off-load. Deutsche Post is following a similar course in acquiring a British-based logistics company at what we regard as an extravagant price, even before it has fully digested all the acquisitions made in the last several years. The thesis for Carrefour as a force in global retailing seems intact but the miserable consumer environment in their home market, France, is arresting their progress. However, their ranging and pricing initiatives are helping them to gain market share.

In the US we sold **Agilent**, too early it transpired, and added to **Mosaic** and some biotechs. Potash prices have been very strong and the longer-term demand for phosphatic fertilizers suggests that the restructuring and commodity play, Mosaic, will be highly rewarding.

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY

CATEGORIES	EXAMPLES OF STOCKS	SEP 2005	JUN 2005
CYCLICALS/MANUFACTURING	TOYOTA MOTOR, SCHINDLER, SIEMENS, OCE	**29%**	**29%**
FINANCIALS	CREDIT AGRICOLE, SUMITOMO MITSUI INSURANCE	**15%**	**13%**
TECHNOLOGY/HARDWARE	AGERE, INFINEON TECH, SAMSUNG, AMD, SUN MICROSYSTEMS	**10%**	**11%**
RETAIL/SERVICES/LOGISTICS	HORNBACH, MITSUBISHI CORP	**9%**	**9%**
GOLD AND OTHER RESOURCES	SHELL, BARRICK GOLD, NEWMONT MINING	**7%**	**5%**
CONSUMER BRANDS	HENKEL, LOTTE	**5%**	**7%**
SOFTWARE/MEDIA	SEOUL BROADCASTING, NEWSCORP	**5%**	**6%**
TELECOMS	ALCATEL, SK TELECOM	**5%**	**5%**
MEDICAL	TAKEDA, SCHERING, GLAXOSMITHKLINE	**4%**	**4%**

Source: Platinum

COMMENTARY

Among the important political events of the last three months are the outcomes of the Japanese and German elections and the decision by the Chinese to float their currency.

The decision by the People's Bank of China (PBOC) to set upon the path of a **managed float for the yuan (CNY) in July is in our view of unusual importance**. Goldman Sachs* have produced a thorough review of the subject and make some valuable observations. Following the lead of the Japanese, the central banks of Asia have favoured using an undervalued currency as a mechanism to promote economic development. The process of intervening in the foreign exchange markets and sterilising the resultant liquidity build-up via the central bank issuing bills to domestic investors, works well for a while. However, this process invariably encourages over-investment in export industries, at the expense of domestic consumption which in turn tends to add unnecessarily to a climate of booms and sharp slowdowns. Moreover, the undervaluation of the currency tends to spill over into non-tradable inflation as seen in bouts of land and property speculation.

The limitation of these policies becomes particularly evident once these economies become large and more complex eg. Japan, or as in the case of China now that its trade account represents a large proportion of activity: exports plus imports being 75% of GNP. Further, when there is the prospect of higher inflation, the situation becomes alarming as the large outstanding pool of sterilisation bills become more costly to rollover (as banks seek other uses for their funds). Attempts to ameliorate the situation via administrative controls tends to hurt the good as much as the bad and **ultimately the regime is forced to fall back onto the price mechanism** to bring order and balance to their system.

* Global Economics Paper No: 127, 1 September 2005

This is **approximately the position most Asian central banks find themselves in today**. Currency intervention to impede the appreciation of their currencies has seen their balance sheets explode over the last few years; PBOC's assets have nearly doubled over the last three years, the BOJ's by 50% and the rest of newly industrialised Asia by more than this, according to Goldman. At the same time we have witnessed a distortion in their domestic economies where they **have under-invested in the service (non-tradable) sector**. Since around 1996, investment expenditure in Asia (excluding Japan and China) has fallen a full 9% of GDP to around 24% which explains their relatively weak growth rates and the accumulation of foreign exchange reserves. (Part of this under-investment was associated with the recovery from the IMF crises and also by the preference for investment in China. But importantly, the situation was exacerbated by undervalued currencies which suppressed domestic demand). However, when China's investment figures are tallied together with the rest of Asia, we find total investment in Asia has been strong. (Refer to charts on page 3).

The punch line to all of this is that there is no turning back. Japan began to float the yen tentatively in 1971 but within 18 months it suddenly appreciated by around 20%. This time around, **the whole of Asia will likely see their currencies lift** against the US$ (perhaps by less against the euro) as the productivity gap finds expression in appreciating currencies. **Significantly this will probably be accompanied by booming domestic demand and on account of the prospect of less volatile business cycles, a higher rating being applied to risk assets.** After a long drought, we expect to see very strong participation by domestic investors in their own share markets as they redirect their attention. **What then comes of their erstwhile facilitation of the US funding gap?**

We regard the routing of the traditional wing of the LDP in Koizumi's snap September election as setting the stage for a programme of further reforms. By disentwining them from the tentacles of the post office savings system, the banks and bond markets will take on the complexion of those seen in other developed industrial nations. It will uncover skeletons of extremely poor project finance decisions by the Trust Fund Bureau but simultaneously will force the banks to pay more attention to the hitherto ill-treated private depositor and borrower. After a life-time of priority being given to investment and trade, we can envisage a boom in new financial products which are directed at consumers - resulting in a surprising shift in resource use within the economy. This should ameliorate the effects of higher public charges and increases in taxation as the government works to reduce its fiscal deficit. Reform of the pension and health system will then give impetus to a system which is more responsive.

In the meantime, the election of nearly 100 new representatives to the *diet* (Japanese parliament) on a record voter turnout suggests that Japan is well on the way to rebuilding its self-confidence. Confirming the process are key indicators such as rising employment and real wages, improving property prices and the demise of deflation. The only ingredient missing from a "perfect bull market" is a seething lust for equities in domestic investors. Rising stock exchange trade volumes and private equity purchases suggest the process has started.

Germany

The stalemate following the narrowly run election in Germany has led to intensive talks which, as we write, have still not been resolved. A grand coalition between the Social Democrats (SPD) led by Gerhard Schröder and Angela Merkel's Christian Democrats looks the best bet but will seemingly do little to help the intransigent issue of unemployment. As you are aware, we have studiously ignored politics in Germany, relying instead on the pragmatism of business to resolve some of the imperfections in the German labour market. With the conservatives having 36% of the seats in the Bundestag compared with 34% held by the SPD, we see no reason to become more concerned now. Interestingly, the stock market is seemingly unconcerned.

OUTLOOK

One of the big unknowns is how well the developing markets will behave should high energy prices and other setbacks adversely affect consumer confidence and spending intentions in the leading economies of this cycle. The US, together with the UK, Australia and Canada are in the late or mature phase of this economic cycle while Germany, France and Japan, among the large economies, are trailing in their recoveries. We believe that inflation pressures are growing and that the higher cost of hydrocarbons still has to be reflected in final prices.

The second great puzzle is how long investors will remain comfortable with US treasuries yielding such a scant 1.25% margin over underlying inflation. This issue becomes all the more acute as Asia tentatively embarks on an upward currency adjustment. This implicitly involves holding a more diversified portfolio of international reserves. These latent concerns play on our conservatism. (Remember too, that without rising house prices, the bonanza for the US consumer of “cashing-out” home equity largely disappears. Already the cost of adjustable rate mortgages, which account for about one third of new mortgages, have risen by 1% from a year ago). There is some tentative evidence that the heat is coming out of the US housing market. It should be acknowledged, however, that in the case of the UK and Australia, the topping-out process was quite protracted before actual declines in "average prices" were reported.

We invariably err on the gloomy side yet can identify strong growth drivers in parts of Asia, Latin America, and Eastern Europe and Russia, together with its nearby former satellites. The risk to share prices seems to lie with a reversal of capital flows to developing markets and concerns about valuations on peak profitability in some developed markets.

CONCLUSION

We are still finding a broad range of stocks that we wish to own. The valuations of our holdings have risen but are still at justifiable levels. To ameliorate the risks of nasty surprises, we are holding large short positions in stocks and indices that we regard as expensive or over-stretched.

PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

Asian stock markets continued their strong run in rising 8.7% for the quarter, extending the advance to 23.4% in the last 12 months. By comparison the Fund was up 12.3% for the quarter and 50.4% for the year.

Ongoing strong earnings growth saw India yet again at the forefront of the charge, together with Korea where continued signs of improvement in the domestic economy helped push stocks higher. Both markets were up around 20% for the quarter (local currency). Chinese stocks were also strong, registering returns in the order of 13%. Indonesia was the poorest performer, where concerns over the impact of oil subsidies on the government budget resulted in a fall in the rupiah and a 2% decline in the market. Taiwan continues to lag (down 2%) with concerns over rising bad debts in the personal loan sector causing parallels to be drawn with the credit driven recession from which Korea in now emerging.

With these moves it is not surprising that the best performers were predominantly among our Indian and Korean holdings. Of note were the moves in our Korean shipbuilders (Samsung Heavy up 61% and Hyundai Heavy up 49%) on the back of new orders. Other good performers included McDowell (Indian liquor) up 63%, National Thermal Power (Indian electricity generator) up 27%, and China Mobile (mobile phone operator) up 31%. The biggest drag on the Fund was its short position in the Indian Nifty index, offsetting some of the strong performance from the Indian holdings.

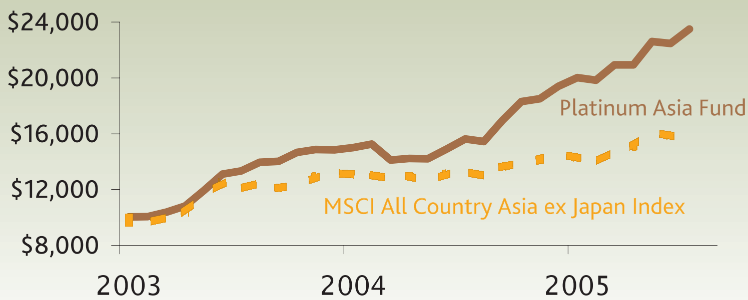
DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
CHINA	5%	1%
HONG KONG – CHINA H SHARES*	9%	6%
HONG KONG	6%	6%
TAIWAN	7%	8%
GREATER CHINA TOTAL	27%	21%
INDIA	30%	31%
KOREA	21%	18%
MALAYSIA	2%	1%
INDONESIA	1%	2%
THAILAND	1%	1%
SINGAPORE	1%	1%
CASH	17%	25%
SHORTS	12%	4%

Source: Platinum

* H Shares are shares of Chinese State Companies listed in HK

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

A number of stocks in India were sold during the quarter as they reached target prices, including Reliance Industries (petrochemicals), Gammon (construction), and Ceat (tyres). New holdings include a number of property developers in China where recent government measures to slow the property market have pushed down transaction volumes and stock prices. Our assessment is that these setbacks are temporary and that the residential property market will continue to perform strongly. Another new holding is BenQ, a Taiwanese designer and manufacturer of flat panel displays and other electronic goods. The company has acquired the mobile phone division of Siemens at a very attractive price, providing it with a platform from which to become a major player in the handset market.

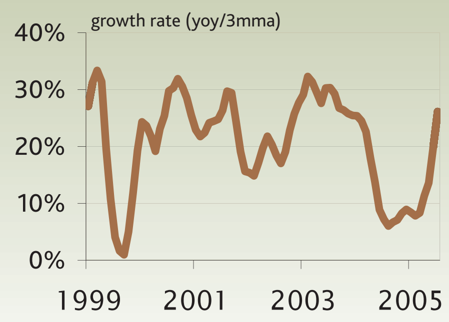
The short position in the India Nifty index was increased to a level of 12% during September. As noted elsewhere, this decision has held back the Fund's performance; the Indian market is clearly no longer the undiscovered story it was over two years ago at the time of the Fund's inception. Although the Fund's various Indian holdings remain attractive investments, we believe it is prudent to remove some of the market risk via short-selling the index after such a strong upward thrust.

COMMENTARY

What is particularly impressive about the Asian markets' performance this quarter was that it occurred in the face of yet another step-up in the oil price. The traditional logic that as net energy importers these economies should be particularly sensitive to such changes does not seem to apply for the moment. This can best be explained by the high level of national savings across the region which act as a buffer against higher fuel prices. Current account surpluses are falling but they are still in surplus! Nevertheless, if energy prices continue to move higher, ultimately economic growth will start to be affected. From the Fund's point of view, the country where this is most likely to be an issue is India, where forecasts for the current account see it moving to a deficit in the order of 2% of GDP from a similar sized surplus only two years ago.

The other overhang on Asian markets has been the concern over the rate of growth in the Chinese economy. (Please see our previous quarterly report for a discussion of this issue). However, toward the end of the quarter, data released showed a significant turnaround in Chinese construction activity. Together with better performance in the Korean and Japanese domestic economies, the region would appear to be becoming less reliant on US export demand to continue its strong growth.

Chinese Construction Index



Source: UBS

However, the most important event this quarter was one that probably had little short term impact on markets. On July 22, the People's Bank of China revalued the yuan exchange rate by 2% and announced that the exchange rate would be managed against a basket of currencies rather than the current system of a fixed rate against the US$. After much external political pressure which called for revaluations varying between 10% to 25%, based on differing views of the degree of yuan cheapness, the news was met with a yawn by many commentators. We disagree strongly with the notion that the change in the yuan exchange rate regime is a non-event! Without getting into the intricacies of the new mechanism, it suffices to note that China has now moved to a managed float of its currency. Although the initial revaluation has been small, the new regime potentially allows for much greater moves in the value of the yuan through time.

Why is this so important? Firstly, a fixed exchange rate regime can distort the price mechanism resulting in over- or under-investment in different segments of the economy. In China, the extreme undervaluation of the yuan has led to a major capital spending boom in export and import competing industries while domestic orientated business have lost out[1]. The vast and rapidly growing trade surplus is the outcome. This may well seem a desirable result but left to run its course, these surpluses will be ultimately recycled back into the economy and show up as price inflation of domestic activities which will negate the apparent advantage of having a cheap currency. (In other words, as the economy of China has become more diverse and complex, pressure in one part of the system inevitably transfers into another). In the usual scheme of these things, one can expect the adjustment to overshoot, resulting in an overvalued exchange rate at some stage and a current account crisis. This was in fact the basic formula for the Asian crisis of 1997-98. Simply, the fixed exchange rate mechanism will create a boom-bust economy which is precisely how we have viewed China to date.

In the circumstances China has found itself in in recent years, a rising currency would have ameliorated the strength of the investment cycle. Further, a flexible exchange rate regime allows greater independence for the central bank in setting monetary policy, thus providing a more effective policy tool to slow growth than the crude credit controls that have been resorted to over the last 18 months. And conversely in a less favourable environment, a falling exchange rate can ease the pain by creating an incentive to invest. There is probably no better example of this at work than Australia during the Asian crisis where a sharp depreciation of the A$ meant that the domestic economy travelled through that period relatively unscathed from the nasty shock to our terms of trade.

If greater flexibility in exchange rates is so desirable, why has China and much of Asia been so reluctant to embrace such a policy? Most would answer this by reference to the mercantilist approach of deliberating undervaluing currencies in order to gain an advantage in trade. Though in part true, it misses the critical factor that for such fixed rate mechanisms to hold, monetary and fiscal policies must remain disciplined, thus providing credibility to the currency as a store of value[2]. The combination of large trade surpluses and foreign investment inflows to China militate against the success of this mechanism. If one is seeking confirmation about the upward pressures now being exerted upon the yuan, consider the alacrity with which foreign banks such as Citibank and HSBC have sought equity stakes in the Chinese banks. These are not controlling stakes and presumably the management input will be minimal yet along with foreign share investors, these massive banks

[1] The loss of investment in domestic industry is in a relative sense only. It is not as if the development of domestic activities such as retail, consumer products, or property development has been slow!

[2] Somewhat ironic given the profligate monetary and fiscal policy of the country to whose currency the PBOC have pegged the yuan!

are happy to take a long term view on the currency and economy.

The investment implications of a more flexible exchange rate mechanism are numerous. Less extreme economic cycles should see lower volatility in company profits and thus reduce the risk of investing in China. Ultimately this may well result in a higher valuation being placed on Chinese assets. As the yuan is allowed to appreciate toward its underlying value, less investment in export orientated areas should free up funds for the domestic side of the economy. The most obvious beneficiary that we can identify is the residential property market, where despite a significant building boom in recent years, we believe it is far from over. Other areas of future investment will include infrastructure, particularly in the areas of water and clean(er) energy.

Outside of China, it is probable that the central banks of the region begin managing their exchange rates against the yuan rather than the US$. This gives rise to the idea of Asian decoupling - that Asian economies and markets begin to move independently of the prospects for the developed economies and instead are driven by trends in their own domestic demand! Of course it is yet to be seen whether the PBOC will allow the degree of flexibility in the exchange rate required to make a difference, and if they do, the changes that are discussed here will take place over a number of years rather than months. Nevertheless it is promising that the first steps have been taken.

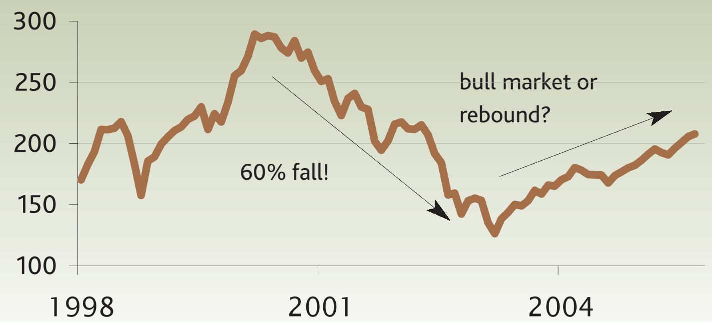
PLATINUM EUROPEAN FUND

Toby Harrop
Portfolio Manager

PERFORMANCE

Political gridlock and domestic economic gloom in Europe have contrasted with euphoria in the cyclical parts of the stock market. Even setting aside the arguably unrepresentative "European" mining index (+30% for the three months), results in steel (+19%), autos (+18%), machinery (+16%), and energy (+14%) together with 10% plus returns in chemicals and construction/engineering have resoundingly carried the bull market (or rebound?) into its third year. Only the retail (-2%) and media (flat) sectors belie the overall excitement: these laggards reflect the reality of the consumer: cautious (in France), bruised (in the UK), bewildered (in Italy), and alarmed (in Germany).

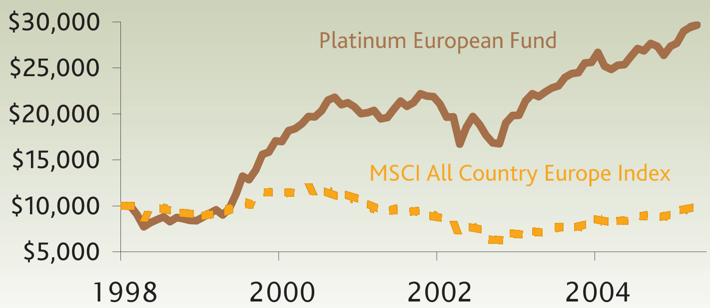
Europe's Leading 500 Stocks Over 8 Years



Source: Bloomberg

Spain and Germany were notably strong markets (though even these were left in the shade by the "emerging markets" of Poland, Turkey, Romania and especially Russia); across the board investors in shares had a relaxing time with four-fifths of the largest 500 European stocks gaining for the quarter.

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

European stocks overall returned 9% this quarter; the marginally higher A$ against European currencies resulted in the MSCI A$ return for the period being 8%. For the latest 12 months European markets have risen a handsome 19% (MSCI, in A$).

The Platinum European Fund was a little behind the index at +7% for the quarter. The Fund was well served by its cyclical stocks, while a net invested position of 70-75% through the quarter was clearly too cautious in the circumstances. Over the 12 months to September 2005, the Fund is up 17%.

COMMENTARY

Germany

The "astonishing" German federal election outcome - that Angela Merkel's (centre right) CDU could blow such a lead in the polls (over the incumbent centre-left government of Chancellor Schröder) in just two months, to deliver political gridlock - was in fact surprising only in that the German voters managed to deliver such a stalemate. It is interesting that a population of 85 million can "chaotically" organise a virtual dead heat! The two things which struck us during the campaign, aside from the CDU bungling the explanations of their proposed reforms, were (a) Schröder's charisma was always going to undermine the CDU's lead as Merkel's inexperience was revealed; and (b) the appalling behaviour seen during and after Hurricane Katrina in New Orleans (the US being the archetypal market-oriented economy which the CDU could be easily caricatured as advocating), if properly handled by Schröder, would remind Germans that the system they were being asked to erode has some merit. For Schröder the outcome is a political triumph: there are more people unemployed in Germany today than in the turmoil of the early 1930s, and yet a government with no achievements to its name, far from being cast into political irrelevance, is in the midst of forming a "grand coalition". While many commentators have despaired at this apparent stalemate, it is interesting that voter turnout was 77% (the UK election in May managed only 61%), and that the far-right nationalist party (NPD) failed to clear the 5%-of-the-vote hurdle (and thus gets no seats at all) - and this at a time when the labour market situation, not to mention EU accession talks with Turkey, gave the NPD plenty to wail about. The point is that simple slogans - of nationalism or of market solutions to complex issues - have been rejected by the electorate. The politicians, to have any effect at all, will have to balance the competing claims.

For Germany proper, an emasculated government means that economic reform will continue to come from the actions of others - companies, unions, employer federations etc. The stock market confirmed this appraisal with one down day following the election weekend, before making new highs two weeks later. Having said that, we were surprised - and thus unfavourably positioned with 10% short the DAX index to "protect" our much larger German stock positions - that the election result was not at least an excuse for a few months' pause in the price rises, as the foreigners (the locals are minority owners and not really buying) were forced to accept the apparently disappointing outcome.

German auto sector - reform (and other developments) in motion

The German car companies - principally VW, DaimlerChrysler (Mercedes), BMW but also Porsche - have made a lot of headlines as they force improvements in labour "productivity": slowly increasing the hours up towards 40 per week, changing overtime calculations etc, generally by threatening to move production out of Germany. The impact on their own profitability is one thing, the example set to suppliers and the wider engineering industry is where the auto industry alters the entire economy more effectively than the politicians in Berlin.

In fact this high profile industry has been especially newsworthy of late. In June, Volkswagen had lurid tales of some of its executives' extra-curricular travel activities leaked to the press by certain parties intending to undermine the apparent pact between the union and some key supervisory board member(s). The outlandish wages of VW employees in Germany (even compared to other domestic car companies) had to be addressed somehow, and the new head of the VW brand (one Mr Bernhard, who had considerable "success" in eliminating 26,000 jobs at Chrysler in the US) seems to be making progress now.

At the end of July, a change in leadership at DaimlerChrysler (finally) occurred. After ten years which have included the poorly-timed purchase of Chrysler, as well as anaemic profitability at Mercedes Benz, Jurgen Schrempp is retiring. His replacement is the German national credited with fixing (saving) Chrysler. To add insult to poor Schrempp's injury, the DaimlerChrylser share price rallied strongly in response to the news. The Fund took a trade out of the stock on this story, but has no position at the time of writing.

Most interesting of all, though, has been last week's announcement by Porsche that it will buy 20% of Volkswagen to strengthen the technical links (eg. Porsche's Cayenne is the same car as the VW Touareg, give or take some leather seats and a hotted-up engine) and developmental partnership (eg. hybrid engines) between the two companies. This apparently requires a Eu3-4 billion (over A$6 billion!) *cash investment* rather than mere contracts, due to the perceived risk of "foreign predators" breaking-up Volkswagen without regard for its various arrangements with Porsche. Naturally, given that the VW supervisory board chairman happens to be the patriarch of one of the two families controlling Porsche, there was some scepticism in the market as to whether the industrial logic provided was the full story: in London the auto analysts muttered disapprovingly of the "Deutschland AG way" - political intervention was suspected too, as the VW share price had been moving higher on speculation of "hedge funds" buying stock in order to break-up the company and fire the army of German workers. Either way, our Porsche short looks better for this development: the company is either not free to make its own decisions (and thus the listed non-voting preference shares - the ordinary shares are unlisted - seem unreasonably expensive), or the given reason is real (in which case this marketing-led luxury goods producer is perhaps a **car company** after all, with the consequent heavy investment requirement - and modest returns).

In fact the idea of a “financial investor” buying VW to break it up by selling Audi etc is preposterous. Aside from the political firestorm that would ensue, the commonality of platforms, and certainly of components and systems between the (smaller) Audis and the VW cars is so great that Audi could not exist independently of VW. The compelling restructuring case at VW is to **reduce manufacturing complexity**. For example, 240 engine models are used in the company - it is estimated that 40 different engines would suffice. This is a job for hands-on managers, not financial speculators!

What is not yet explicable, but nicely completed the week's events, was DaimlerChrysler's announcement at the end of September that they wanted part of the action, and planned to buy a stake in VW too! In fact what they have in mind is more scale, but the difficulties at GM suggest that scale and model variety are not necessarily the answers.

One other point worth noting is the cost to the companies of reducing their workforces: Daimler announced 8,500 positions would disappear in Germany at a cost of nearly Eu1 billion (say A$200,000 per head) and that is by "voluntary redundancy" not firing.

Imperfect capital allocation by big business

There were several changes to the portfolio this quarter, at least two partly prompted by investment decisions made in Germany. We do not share adidas's enthusiasm for Reebok, and the market's celebratory reception for the deal gave us a good chance to sell out of the stock. As we have mentioned over time, our five year investment in adidas has been predicated on the company's excellent performance in Europe helping their fledgling position in the US (with product, management, systems etc). For adidas to have abandoned that steady building effort in favour of the Reebok "short cut", looks to us like unimaginative, big company bumbling. adidas has now got scale in the US, but they paid up for a business which for some reason was for sale.

An equally frustrating case is that of Deutsche Post (owner of the DHL and Danzas transport companies in addition to the German post office) paying up for a British logistics company which has been specifically positioned for a large uncritical foreigner to take it over while spouting slogans about breadth of offering and geographic scale. It would have been irritating for Deutsche Post to hand over Eu6 billion any time for such a business, but when the company already has so many units needing operational improvement (indeed that was the investment thesis - DHL makes a little money in Europe, and a loss in the US in what should be a nice business), the distraction of a large external deal is possibly more worrying than the silly price they have paid. Deutsche Post was a big position in the Fund (and has been a profitable one) but has been cut right back.

Other changes of note were the sale of our positions in Swedish bank Nordea and in German industrial gas/forklift conglomerate Linde, both of which had exceeded our price targets. We also parted with the last of our holding in Merck of Germany (the "real Merck"!) which with its pharmaceuticals and especially its liquid crystal mixtures for LCD screens has served the Fund commendably.

We took out our position in the Finnish oil refiner Neste, at what we thought was a very hot point for refinery stocks post the US hurricane Katrina (though the stock, which had already put on 40% for us in quick time, charged on after we sold!), and we introduced three or four new positions in the Fund in diverse European countries and industries.

The Fund, at 30 September 2005, is 84% long and 13% short for a net 71% invested in European stocks; currency exposure is 29% hedged back into Australian dollars.

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY

CATEGORIES	EXAMPLES OF STOCKS	SEP 2005	JUN 2005
CAPITAL GOODS	SIEMENS, RIETER, METSO	**22%**	**17%**
TECH/MEDIA	INFINEON, ALCATEL, ERICSSON	**18%**	**15%**
CHEMICALS/MATERIALS	NORSKE SKOG, UPM, SHELL	**14%**	**15%**
CONSUMER/RETAIL	HENKEL, HORNBACH, DOUGLAS	**10%**	**14%**
PHARMACEUTICAL/BIOTECHNOLOGY	NOVOZYMES, GLAXOSMITHKLINE	**10%**	**9%**
MISCELLANEOUS SERVICES	EUROFINS, TNT	**6%**	**4%**
FINANCIALS	CREDIT AGRICOLE	**4%**	**5%**

Source: Platinum

PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

The Japanese and Korean equity markets both jumped by about 20% over the quarter reflecting a global surge of liquidity into stock markets. As the table on page 5 demonstrates, Japan was the best performing developed market over this period but only ranked about average against the emerging markets. Essentially Japan is seen as an "emerging market" in the sense that it is emerging from a severe bout of deflation!

In Japan no sector of the market fell, with the best performing areas being the cyclicals such as steel stocks which rose by a stunning 52%! The portfolio participated in this frenzy with the likes of Tokyu Land, JGC and Hitachi Metals all up strongly. In Korea the shipbuilders continued to perform well and our newer purchases of banks were also timely.

Performance ($A)	Platinum Japan Fund	MSCI Japan
Quarter	20.3%	19.0%
Year	29.9%	20.4%
Since Inception (1 July 1998)	25.2% pa	1.8% pa

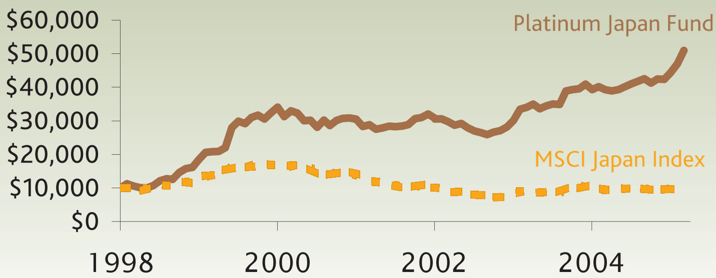
Source: Platinum and Factset. Refer to Note 2, page 36.

DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
JAPAN	70%	72%
KOREA	15%	15%
CASH	15%	13%
SHORTS	2%	0%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

There is no significant change to the overall composition of the portfolio. The major changes to the composition of the stocks held related to shifts in relative value.

Stocks Bought:

Toshiba, Taisei, SK Telecom, Square Enix.

Stocks Sold:

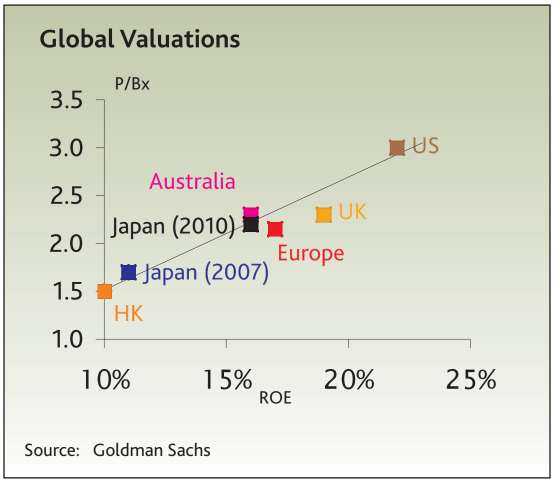
Mitsubishi Tokyo Bank, Sumitomo Corp, Tokyu Land.

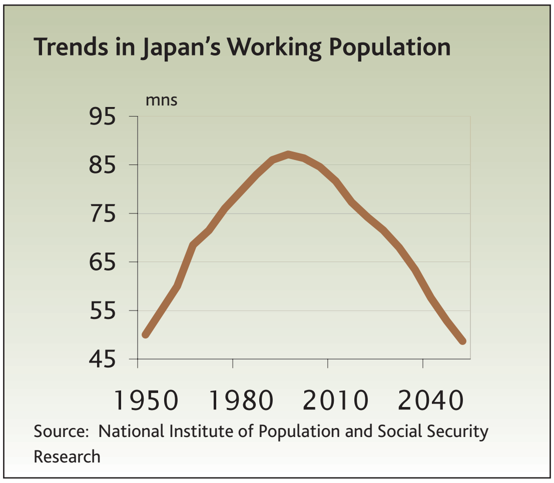
COMMENTARY

Japanese market rally

After such a strong quarter of performance most people ask us where the market can go in terms of index levels? A simple answer might be to compare valuations in Japan with developed market counterparts and on this basis many would argue that Japan is fairly priced with PEs on par with the US and somewhat higher than in Europe. The chart over, produced by Kathy Matsui from Goldman Sachs, demonstrates this with Japan currently priced in line with world markets for its **current level of returns** (ROE). However, if ROEs rise in the future then so can the valuation of the Japanese market and indeed if returns were to rise toward normal global levels, the market could appreciate by 40-50% over the next two years. With pricing power stabilising, a declining employee cost burden due to retirements and the general breaking of the Japanese labour contract, and better use of underleveraged balance sheets, we think this is a **likely event**.

Being stock pickers we are reluctant to talk in the above terms so it should be taken as more of a general indication. On the ground it is a much more exciting environment as the market throws up many pricing inefficiencies which offer fertile ground for stock pickers. For example, the recent market excitement is leading to overpricing in many cyclical names as investors anticipate the ending of deflation. At the same time many higher quality names are being left behind. We will take advantage of this situation. As indicated above, future earnings will become a more important focus for investors and we expect the market may soon consolidate before going higher later in the year.





Mechatronics

The decline of the working age population is perhaps the most fundamental economic issue facing industrialised nations. It is particularly acute in Japan principally because of the lack of any substantial immigration. Indeed the labour force in Japan has been declining since around the year 2000 and on government projections, will fall by about 50% to 50 million persons by 2050!! Barring a change to immigration policy this will bring about an adjustment in the way Japanese corporations do business. Clearly a good proportion of their business will shift to China given the labour cost arbitrage, however, it is unlikely that they will be in a hurry to surrender their high tech heartland to the machinations of off-shore locations. We can envisage a two tiered approach with further rapid outsourcing of production to China but complemented by a renewed push to automate factories at home, in short, by developing robot workers.

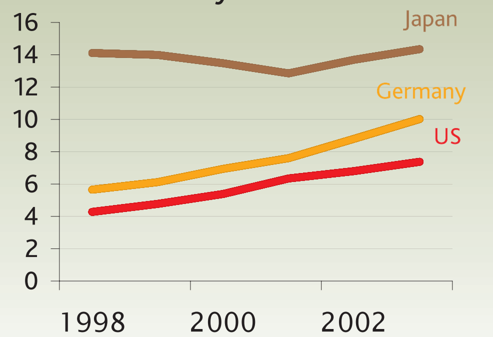
Toyota, Japan's biggest automaker, has come up with one answer in creating a new line of assembly robots with human-like hands and multiple sensors which will be able to perform a myriad of complicated tasks. Toyota's newest mechatronic endeavour is so ambitious it believes that it may eventually replace a large part of its human labour in even the final assembly which is usually extremely detailed, time consuming and, by Toyota standards, inefficient.

Production costs in China and SE Asia are much lower than Japan, however, in many circumstances intellectual piracy and patent issues are paramount. In such cases, many Japanese companies are forced to maintain, and even increase, production of key products and components in Japan. In Canon's case, it acquired a company (NEC Machinery) which can provide the mechatronic solution to ensure that the whole process of producing copier toner can remain in Japan and yet be an internationally competitive plant.

Some scientists are speculating that this human/machine interface is on the verge of accelerating and that it could change human lifestyles more radically than the advent of the computer or the mobile phone. While still years away in the US, the future is already unfolding in Japan with robots now used as receptionists, night watchmen, hospital workers, guides and pets. Officials compiled a report in January predicting that every household in Japan will own at least one robot by 2015! Kazuya Abe, a top official at NEDO (New Energy & Industrial Technology Development Organisation) openly states, "*We have reached the point in Japan of a major breakthrough in the use of robot technology and our society is changing as a result, it's all about AI -- artificial intelligence. That future is happening here now.*"

Japan's love affair with mechatronics is well documented. However, while the US has spent most of its time militarising the technologies, Japan has spent most of its efforts in practical commercial applications, namely the auto industry. In the next round of global competition, Japanese manufacturers who have battled a 250% appreciation of the yen and hyper-competition globally may be eliciting the silent co-operation of a new army of mechatronic machines. Rather than the homicidal Terminator cyborg of American movies, the global automotive industry may also be forced to buy Japanese mechatronics just to catch-up.

Number of robots per 100 employees in the automotive industry



Source: United Nations

PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

The Fund achieved a return of 9% for the quarter ahead of the MSCI World Index of 7%. Over a twelve month period the Fund has produced a return of 36%, above that of the MSCI World Index of 14%.

The Platinum International Brands Fund has benefited over the past twelve months from its greater exposure to Indian companies. An example highlighted in our March quarterly report, is the footwear producer Bata India with such global brands as Bata and Hush Puppies. In the quarter, this stock has been one of the top performers in the Fund with an increase in share price of approximately 80%. Our other investments in India, such as in the beer and spirit companies, have also shown exceptional gains building on an already strong twelve month performance.

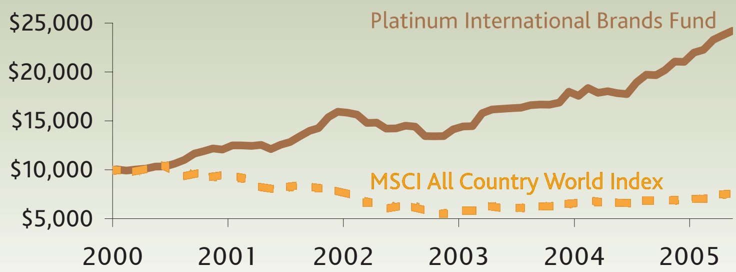
A comparison of the recent returns with the five year metrics, highlights the unusual opportunity that India affords. By contrast, the Fund's investments in Europe and Japan have generally produced returns more consistent with the longer term, high teen's performance of the Fund.

DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
OTHER ASIA (INCL KOREA)	26%	27%
EUROPE	24%	28%
JAPAN	20%	24%
NORTH AMERICA	6%	4%
CASH	24%	17%
SHORTS	11%	9%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

We have been somewhat surprised by the speed at which some of our investments have tripled or quadrupled over the year. We are also a little surprised at the ongoing strength of the Indian economy in the face of a rising oil price, however, we continue to see tremendous opportunity for robust consumer trends and the flow-on benefits of further infrastructure spending. It is clearly the case that the Indian stock market is currently a lot less neglected than when we started to invest and it might be possible to question whether we have seen the majority of the rise in share prices. In observing the rapid increases, it may be tempting to use the recent history to frame the debate on whether to sell these investments. We have not chosen this course, preferring instead to retain the majority of our investments and to protect against the volatility inherent in such a rapid rise with some short positions on the Indian Nifty index.

So while we would counsel investors not to harbour expectations that our investments in Indian branded goods companies could double or triple again in short order, we remain invested in these companies with the conviction that there remains scope for continued solid performance over a longer time frame.

Six months ago we highlighted the role of strong regional brands in the Fund with a move into Japanese regional banks. These investments also stand out in the quarter as having contributed strongly within the Fund. In Europe, investments such as the Swedish cosmetic company Oriflame and the Belgium listed brewer Inbev, have shown returns of more than 20%.

Detractors include the US investments such as Estée Lauder, where we have taken the opportunity of a weak share price to add to the position.

CHANGES TO THE PORTFOLIO

We have added to a number of existing positions such as BenQ (Taiwan) on share price weakness. We have also continued to build positions in some of our existing investments that we have previously mentioned including Alpine Electronics (Japan) and LG Electronics (Korea).

We have maintained our interest in strongly defined regional banks with the addition of Credit Agricole, the leading regional bank in France.

We have also substantially reduced our investment in adidas after holding the stock for many years. It is not at all clear to us that the Eu3 billion acquisition of Reebok is an appropriate response to the competitive pressures facing the company. Certainly Nike has been making inroads in the European soccer market and adidas has struggled over many years with their US operations. We would have been more encouraged if adidas had pursued an internal strategy to compete more effectively with Nike. Our concern is that the allure of the scale of the US market has been over-emphasised in the decision and that the more difficult path of effective product development and operational organisation has been underplayed.

COMMENTARY

Companies have attempted to reduce the expectations of investors, citing the difficulties of rising production costs along with the challenges of invigorating demand in the markets of Western Europe and North America. It is clearly an inconvenience to be dealing with these issues concurrently, for some though, it is more than a trivial concern as they find themselves woefully under-prepared. We note many examples of companies finding shortfalls in their skills and tools, and in some case products. Organisations have been geared, with people, systems and structures, to launch the next *new innovation* at ever higher prices in an expanding market.

What then happens to the well laid out operating plans when the dynamics reverse with *declining* markets and *falling* prices in geographies or distribution channels that are a significant proportion of a company's business? We have observed differing reactions by the companies depending in part on the timeframes inherent in their thinking and planning. For those with a shorter term perspective, often tied to the tenure of management and their reward and reporting systems, the response has been to pull the short term levers. Changing the pack sizes, *new features* on the products, more marketing noise, discounting and cost cutting, are all familiar strategies, quite often presented as *product life cycle strategies*. As companies start to doubt the utility of these strategies they often look to acquisitions, which provide irresistible opportunities for *synergies*.

There are some, however, which understand very well the business that they are in and the requirements to successfully apply the strengths of the business beyond the visible horizon. Indicators of this approach and understanding are often found in a company's commitment to research and development over long periods and without the obvious fanfare of a succession of the next flavour or gimmick laden product launches. We have found that a decade or more of product research enabled by strong balance sheets (often described as lazy) have placed a number of our investments in Korean and Japanese companies in good stead. Their transformation from outsourced suppliers, *cheap manufacturers*, to brand builders of quality products is in retrospect quite remarkable.

Maytag founded in 1873, once a proud and significant household appliance manufacturer renowned for quality and reliability in the US, is not to be found on the Interbrand list of The 100 Top Brands. LG of Korea on the other hand has recently moved onto the list. The list of difficulties facing Maytag and the responses of the management team resulted in the demise of the company and the sale of the business. By way of example, Maytag purchased Hoover (vacuum cleaners) in 1989, at a price based on the strong brand name and excellent operating margins. In recent years, market share has dropped from over 40% to 15% and operating margins have plummeted from over 20% to 5% as imported competition made in-roads.

LG Life's Good

Maytag, with the majority of production in US factories, engaged in various major restructuring initiatives to address the loss of competitiveness. It took more than two years to shut one factory, the Galesburg factory. Meanwhile, product quality deteriorated and competitors started to look at the product attributes (price and features) actually influencing the purchase decision of consumers.

Facing protracted union negotiations in an already relatively high cost production environment, Maytag turned to Asia as a source of supply. Increasing the use of third party suppliers has many hidden consequences when a company is unsure or weakened at its core. It is interesting to now read that Best Buy and Home Depot, two of the larger US retailers, have awarded LG and Samsung more floor space; Maytag is no longer available in Best Buy.

Understanding the consumer, their trends and being able to differentiate product development between fundamental attributes and frivolous noise is core to the success of building a brand. This is not new; a difficult environment without the tailwinds of excessive consumption will expose those that are poorly placed and provide interesting opportunities for those that have been carefully planning their lucky break.

Similarly, it is insightful to consider the recent press commentary regarding the development of hybrid vehicles. Particularly considering the consequences across other industries where the core of the company may have been hollowed out in the pursuit of short term financial performance. Bill Ford Jr., the CEO, would like Ford to be able to offer gas-electric hybrid drives on half his company's models by 2010, with the capability of delivering 250,000 vehicles a year. Toyota, with many years of research and development already in place, is increasing production to 400,000 hybrids next year with a view that someday all cars will be a form of hybrid. Toyota is also halving the price differential between conventional and hybrid vehicles.

OUTLOOK

Our investments in the US have been poor performers as the market has grappled with the impact on indebted consumers of rising interest rates and the impost of higher oil prices. This may well present us with some interesting opportunities to explore over the next quarter as companies start to understand the extent of rising costs and the consumer reaction to substantial price increases. In the US we are seeing supermarket products with list price increases of 5 to 15% and in some product categories even higher. These increases are shockingly higher than the 3% or so inflation that the regulators have embedded in consumer perceptions and may well lead to some unintended changes in consumption patterns.

The cash position of the Fund has increased over the quarter reflecting, in part, our concerns with the valuations on offer after the recent robust performance of many of the markets. Japan and the emerging markets of the East would appear to offer the strongest growth prospects and we will retain our focus on looking for opportunities to participate, be that directly in those markets or through companies in Europe and North America with interesting international prospects.

PLATINUM INTERNATIONAL HEALTH CARE FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

The Platinum International Health Care Fund achieved a return of 9% for the quarter, ahead of the MSCI World Health Care Index of 4%.

Several of our investments were part of broader news events last quarter and despite it generally being considered a quiet quarter for the health care sector, the past three months had plenty to offer. The potential of a bird flu pandemic as well as the need to be appropriately prepared for the next flu season saw GlaxoSmithKline expand its manufacturing and technology capabilities and enter into contracts with a number of governments including the US and Germany. The World Health Organisation (WHO) has been vigorously encouraging numerous governments to purchase the flu drug Tamiflu (from Roche) and to a lesser extent Relenza (from GlaxoSmithKline) as a part of preparation plans for dealing with any virulent outbreaks.

Acquisitions, as well as large partnership deals were also a highlight in the biotech sector, mainly with a focus on accelerating development plans with an eye on achieving earlier profitability. Many biotechnology companies are reaching an interesting stage of their corporate development. Using the exuberant funding obtained in the late nineties, significant progress has been made in research and clinical development. In an attempt to better manage their destiny, many smaller companies are choosing to align themselves more creatively, choosing other biotechnology companies rather than the previously more common path of licensing potential drugs to a large pharmaceutical company. This is providing us with some interesting opportunities.

DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
NORTH AMERICA	57%	63%
EUROPE	25%	25%
JAPAN	4%	2%
OTHER ASIA (INCL KOREA)	2%	3%
CASH	12%	7%
SHORTS	1%	1%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 30 SEPTEMBER 2005

Source: Platinum and Factset. Refer to Note 2, page 36.

The US regulatory agency (Food and Drug Administration, FDA) was also active. Despite the recent intense scrutiny on the safety profiles of many drugs, several new products received positive recommendations. Another event involving the FDA and with possible implications for the sector, was the surprise resignation of the head of the FDA. The new acting commissioner, Andrew von Eschenbach, is well known to cancer researchers as he also leads the National Cancer Institute, encouraging many to believe that more of a focus on the molecular science of treatments will ensue.

Finally, the US industry giants Pfizer and Merck continue to be encumbered by legal battles; Pfizer with patent challenges on their major drug Lipitor and Merck with patient lawsuits over the adverse safety effects of their drug Vioxx. The developments of both cases will have repercussions across the industry.

CHANGES TO THE PORTFOLIO

Last quarter we sold some of our small to mid-stage biotech investments as valuations, as well as their risk profiles, increased. We have seen better opportunities in some of the large European pharmaceutical companies and in those companies providing tools and services. As a consequence of recent developments in the industry there is a much greater focus and demand by researchers to elucidate the efficacy and safety parameters of their drug candidates much earlier. Potential drugs are being characterised in the labs more fully with a trend towards earlier testing in people.

This is yielding opportunities for the tool and life science service and supply companies to assist the drug developers in improving the efficiency as well as quality of the R&D processes. Overall this leads to better decisions about the fate of a potential new drug molecule. We have been investigating a number of emerging technologies that leading laboratories are adopting.

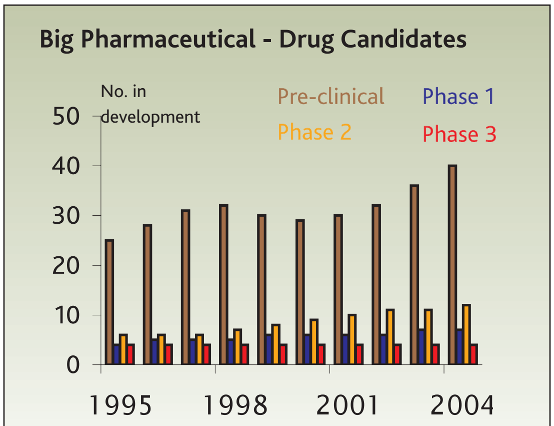
COMMENTARY

Continuing with our theme on the influence of new technologies on drug discovery and development, we are exploring the adoption and application of some of the interesting new tools. In particular the strong focus on targeted therapy or personalised medicine is ever more evident and will demand the utilisation of new technologies during drug development and in diagnosing patients.

Working towards understanding the molecular basis of a disease, such as looking at the genetics or the changes in protein-protein interactions, has a vital influence on identifying new drugs. The idea that some patients can respond better or worse to drugs based on their genetic make-up or the subtle changes between diseased cells and healthy cells has allowed researchers to develop new treatments.

Over the past ten years a large number of new tools have become standard in a lab, with some scientists even referring to these advances as a revolution of drug development. Researchers are now able to identify new "drug targets" which are molecules that malfunction and thus contribute to a disease. Designing chemical or biological molecules against these "culprits" offers a targeted approach to treatment with hopefully a better side effect profile. These activities and investments in finding and validating new drug targets has significantly benefited the early stages of drug discovery which is illustrated by the number of potential drugs in pre-clinical and phase 1 development (in the attached graph over).

The continuous flow of compounds into clinical development as well as the strong activity in early drug discovery should have a long-term impact on the current pipeline drought widely experienced by the major companies. However, along with these well-filled early stage pipelines come new challenges and questions about the efficiency of clinical development. With the potential for an unprecedented number of



Source: Nature Reviews. Drug Discovery; Volume 4, No. 1, January 2005

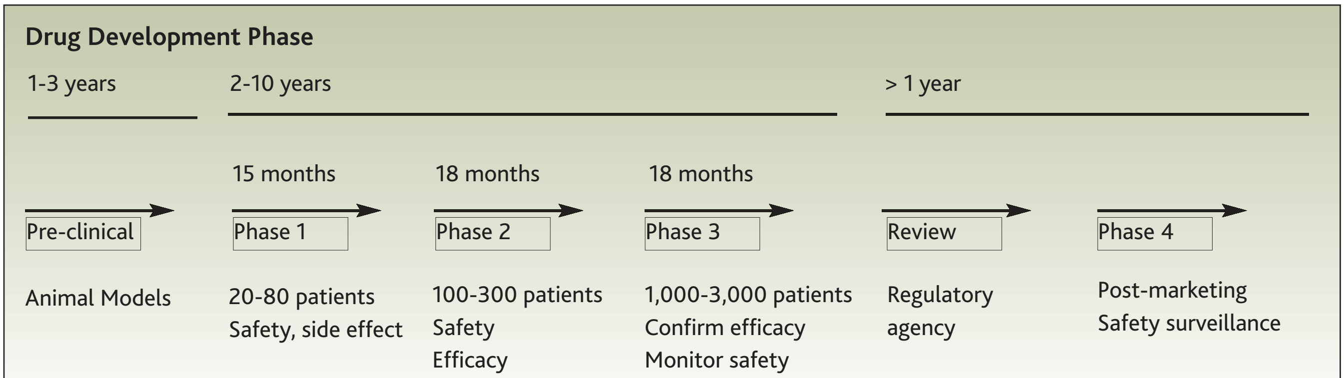
potential drug development programs to choose from, the issue of which one to progress (commercial potential balanced against development and failure risks) as well as the cost of development are an ongoing debate.

Development of a drug is a long endeavour and can take up to 15 years. A majority of the costs is associated with late stage development and consequently a drug failing in late stage testing is a significant event as a lot of resources, financial as well as human, have been allocated. A constant debate on how to get a clear efficacy profile of a drug early on in development is evident.

The reasons for failure and pipeline attrition are several fold. Since the early nineties a lot of progress has been made in optimising a drugs metabolic profile; how the drug is absorbed or processed in humans. Through these activities late stage attrition due to these variables has been significantly reduced. Given this success, efforts are now underway to look at other parameters that have influenced attrition in the past.

The main challenge is the complexity of the human system and the poor predictive nature of current animal models. However, the tools available today as well as the detailed knowledge about the drug-target molecular relationship, gained during the discovery phase, have opened new possibilities of identifying "efficacy", "toxicity" as well as "patient responder" markers. These types of markers are already used to guide the discovery process in the laboratory and the trend is to "simply" transition them into early clinical development and use in patients.

The improvements to drug metabolism have reduced attrition rates and we would expect the inclusion of these 'markers' in studies to have an effect in the years to come. This concept of "transitional research", also called "experimental medicine" has already had a significant impact



Source: FDA

on R&D and is being supported by regulatory agencies as well as funding authorities such as the National Health Institute in the US. Many alliances and collaborations between large pharmaceutical companies, biotech companies as well as academics have been established to hunt for these "markers" and validate their predictive nature. Experimental medicine divisions have been formed at companies focusing on developing and validating these markers but perhaps more interesting are the tool, technology and service providers.

Several companies have developed technologies that are able to rapidly analyse multiple samples for the activity of these markers. Others offer services to assist in identifying new markers and subsequently validate them. In recent months there have been acquisitions within this area, not only by tool companies but also by clinical research organisations (CRO) and companies already engaged in supplying patient diagnostic products.

These activities acknowledge the strong interest in a more modern and perhaps less serendipitous approach to early clinical development. It is early days and currently there are only a few markers considered "valid" by regulatory agencies but this is likely to change quite rapidly.

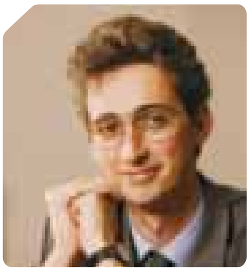
Currently companies have their own sets of markers but a recent document by the FDA has indicated its desire to share and learn, asking companies to include exploratory information in their drug submissions. Some comment, and we would agree, that it is "no better time than now to turn to the potential of translational research".

OUTLOOK

The next quarter is historically considered very busy with companies releasing the results of clinical trials at a multitude of scientific conferences. Not without coincidence, many companies also attend investment community conferences and have their own 'R&D Day' to showcase their progress. We may also see decisions in the Merck and Pfizer cases before the courts, which have the potential of far more widespread ramifications across the industry.

We will continue with our theme of exploring opportunities in the providers of tools and technologies.

PLATINUM INTERNATIONAL TECHNOLOGY FUND



Alex Barbi
Portfolio Manager

PERFORMANCE

During the quarter the Fund rose 11.1% compared to an increase of 6% in the MSCI World Information Technology Index (in A$ terms) and a 4.7% increase in the MSCI Telecommunications Index (A$). Since its inception in 2000, the Fund rose by 10.2% compound pa, against a decline of 19.1% pa for the IT index.

Within the main sectors, the worst performing one was Telecommunication Services (+3%), the best was Technology Hardware and Equipment (+7.8%). Semiconductor and Semiconductor Equipment was up 4.7%, while Media stocks were lagging at +1.5%.

A significant number of the Fund's largest positions increased substantially during the quarter, contributing to the Fund's outperformance. Foundry Networks (data networking) rose 53%, Alcatel (telecom equipment) was up 25%, Ushio (lighting technology) and Samsung Electronics (semiconductors and electronic components) were up 21%.

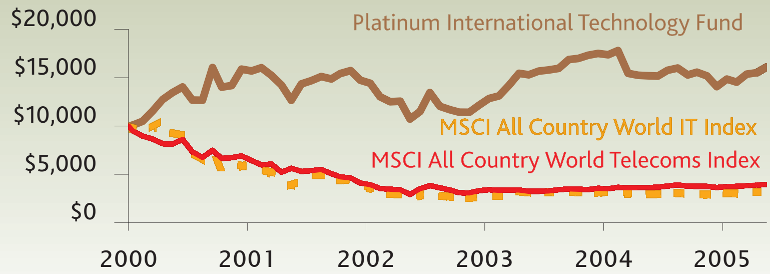
The impact of currencies on performance was marginally negative, with the A$ virtually flat against the US$ and euro, while the Japanese yen was weaker.

DISPOSITION OF ASSETS

REGION	SEP 2005	JUN 2005
OTHER ASIA (INCL KOREA)	30%	21%
NORTH AMERICA	23%	17%
JAPAN	18%	19%
EUROPE	17%	14%
CASH	12%	29%
SHORTS	0%	5%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2005



Source: Platinum and Factset. Refer to Note 2, page 36.

CHANGES TO THE PORTFOLIO

We repositioned our portfolio by increasing our exposure to Asian markets (Japan and Asia now represent around 50% of the Fund's assets). Our preference is for component manufacturers; in Asia, those serving mobile handsets and LCD TVs, and in Japan those supplying electronics and optical industries.

In Japan we exited our investments in NTT and NTT DoCoMo as we believe the competitive threats to incumbent telecom operators are escalating dangerously (more below). We invested in Toshiba and TDK as we believe that they will profit from their strong positions respectively in flash memories and hard disk drives' heads.

While not completely immune from a possible slowdown of consumers' spending in the US, we believe Asian companies will benefit more directly from stronger domestic economies in their local markets. With India and China on the verge of mass adoption of Internet access and mobile telephony, we think these markets will be important drivers for technology companies globally.

COMMENTARY

Beginning of the End

"The demise of the fixed communications monopoly is near. A new breed of operators, bundling more or less free voice with a package of more advanced services ('tripleplay'), are attacking the main revenue source of incumbents. This is likely to exert pressure on wireless carriers to cut prices and dimension their networks for a seachange in traffic. It should speed the mobile revolution and benefit its suppliers ... Long live the Internet. Without it, PC users would not have such easy access to information on a global scale, nor the speed and breadth of interactivity via emails. Now, one of its champions, Google is boosting its power through the launch of a telephony service. Such initiatives, likely to be replicated by Internet rivals, notably Yahoo, E-bay and Microsoft, herald the start of an entirely new pricing model that may constitute the death knell to many former telecom monopolies, already under severe pricing (and cost rationalisation) pressure due to the onslaught from leaner and more commercially minded CATV service providers and cellular carriers; the latter camp being capable of differentiating themselves through wide-area mobility."

(Per Lindberg - Dresdner Kleinwort Wassertein - 14 September 2005)

While analyst Per Lindberg is well known for the use of powerful language to express his views, we concur with him when he foresees revolutionary forces at work across the global telecommunications' landscape.

As we wrote in December 2003: "*Within five or ten years, the majority of telephone calls will no longer be carried on the traditional circuit-based telecommunications infrastructure. Instead, a traditional voice call will be digitised and converted into numerous little data packets. Unlike the traditional infrastructure, where each voice call requires its own dedicated closed circuit, data packets are transported over the public Internet network. These data packets are reassembled at their destination before being converted back into voice signals ...*".

Almost two years later, the adoption of Voice over Internet Protocol (VoIP) is accelerating and the competitive threats posed by new players to large incumbent telecom operators are dangerously real; on this basis we largely avoided investments in wire-line telecom operators and decided instead to invest in telecom equipment vendors, ultimate beneficiaries of a new capital expenditure cycle.

More recently, a series of acquisitions and new product announcements from large media and Internet companies, suggests that telecom operators relying solely on traditional telephone services will face powerful headwinds.

In the period between July and September we witnessed the following announcements in the Internet/Media/Telecom arena:

1. Google launched Google Talk, a free instant messaging program subscribers can use to send text messages and to make voice calls with their computers.

2. Ebay paid US$3 billion to acquire Skype, a peer-to-peer VoIP operator, with a loyal 54 million subscriber-base, who use their PCs, headsets and microphones to communicate to each other. A peer-to-peer (or P2P) network relies solely on the computing power and bandwith of individual participants rather than on central servers. The network itself is made up of subscribers' PCs.

Skype's service is free if the other party is also a subscriber. If the call is to a normal phone line the calls are charged at 2-3 cents a minute (worldwide!). Ebay's acquisition was predicated on the belief that users of its auction website will benefit from this new real-time service and number of transactions will increase.

3. AOL launched Internet phone services, including free PC to PC voice calls.

4. Microsoft acquired small software company Teleo to provide VoIP services. The software will be integrated with web browser Internet Explorer and email program Outlook.

5. Microsoft partnered with telecom operator Qwest to provide Internet phone services to small business in the US.

6. In August Newscorp's Chairman announced: "*There is no greater priority for (Newscorp) today than to meaningfully and profitably expand its Internet presence and to properly position ourselves from the explosion in broadband usage that we're now starting to see.*" Soon after Newscorp acquired US based Intermix for $580 million. It controls popular website MySpace.com, a social networking destination very popular among younger users.

7. US telecom operator Verizon will offer TV services to three million households by the end of 2005. They will include 140 channels at US$37 per month (cheaper than equivalent cable-TV services) and they will be based on Verizon's new fibre-optic network, which is able to carry voice, data and video with a speed of up to 30 Megabits per second!

All of a sudden companies with tens of millions of subscribers/users are launching Internet phone and TV services, or new on-line businesses. What is going on?

The revolution started in the mid-nineties when huge amounts of money were spent by old and new telecom operators to build telecom and data networks based on Internet Protocol (IP). They built new switching centres and laid thousands of miles of fibre-optic cables to carry data around the globe based on this technology. The rush to build high-speed capacity networks was so fast that the world ended-up with too much (at least temporarily). Ten years later, with new services like broadband Internet connection and 3G mobile phones being offered, traffic at the users' end of networks is increasing exponentially. Compare Verizon's 30 Mbps (30 million bits per second) to the original dial-up Internet connection at 64 Kbps (64,000 bits per second) we all started with. It's nearly a 500 times increase in speed over the last ten years!

Use of the Internet is evolving from the simple search/directory functions of its beginnings, to complex portals where voice communication, video streaming, music downloading, eCommerce and access to news converge. Traditional players in their respective fields are scrambling to protect their existing business or to enter new ones. Indeed a broadband-powered Internet has the potential to migrate millions of customers from incumbent phone operators or traditional broadcasters.

Perhaps these developments may help Australian investors understand why Telstra is now suddenly in the eye of the storm. With competition coming from the Internet, and telecom operators like Optus, I.Primus and Iinet soon able to install their own switches into Telstra's buildings, the incumbent is facing a tougher future. The tug-of-war between government, regulator and management, is only a fig-leaf hiding the fact that Telstra is still relying on its traditional copper based network from which they extract a high profit margin (estimated to be 60%). Should competition suddenly be able to attack (as it has already been the case in more competitive markets such as the US), Telstra would be forced to accelerate its investment plans to upgrade its network. Moreover, considering that Telstra is also a major shareholder of Foxtel, it is in the awkward position of not being able to develop a "TV-over-fibre" strategy similar to those adopted by major telecom operators around the world. A solution to these contradictions is no longer deferrable.

OUTLOOK

We are likely to continue to see volatility in the Fund over the next few months, as we enter the critical pre-Christmas season in the US and Europe. Shipments of electronic consumer goods such as PCs, mobile phones and flat panel TVs have so far been generally in line or better than expectations. It is too early to know to what extent a higher energy bill (gasoline and heating oil) will restrain consumers' appetites, but we suspect it will have an impact.

The Fund remains heavily invested in telecom equipment and data networking stocks as we believe that the next wave of competition is going to trigger a strong capital expenditure upgrade cycle.

LAS VEGAS - OCTOBER 2005

It may not come immediately to mind as a place for a family holiday but Las Vegas (high meadow) has a lot to offer. There is one important caveat, however. Each family member should fully understand probability theory, be well-versed in Platinum's "curious investor behaviour" series of advertisements and should not be prone to obsessive compulsive disorders.

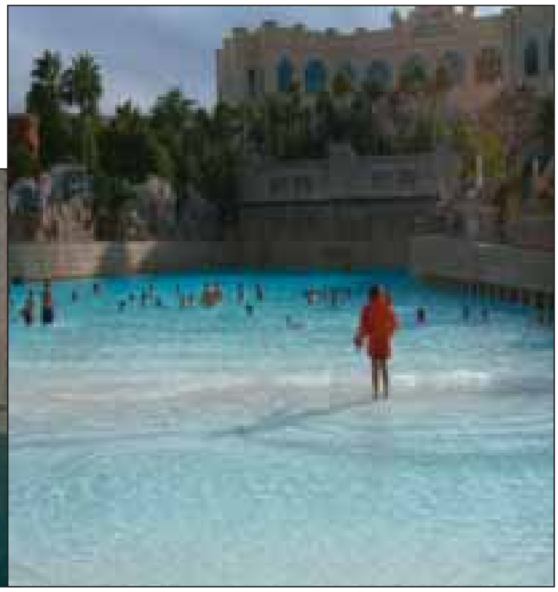
Many Australian visitors recognise the United States as an ideal skiing destination. In our case the three days spent in Las Vegas - the self-proclaimed entertainment capital of the world- was the result of a rash promise made years ago as a 21st birthday present to our eldest daughter. On arrival it was clear that 'Vegas' offered far more than the moral turpitude witnessed in B-grade movies. Sitting on an aquifer in the middle of the Nevada Desert, getting only four inches of rain a year, 'Vegas' developed as a transport staging point and because of Nevada's accommodative Liquor and Gambling laws gradually developed into a major gambling destination, and latterly probably the world's largest theme park. As time has passed, the range of activities offered has broadened considerably to include massive convention facilities, an endless number of hotel rooms (the MGM Grand alone has over 5,000 bedrooms) and wonderful animal and screen-set type features. Through time the ingenuity of the casino promoters has soared. Each major casino hotel complex has its own theme. The "Venetian" for example, has indoor streets replicating Venice with its own canal and singing gondoliers. The streets house some fascinating shops and have regular passing shows/parades. As the whole fantasy is contained under one gigantic roof, tricks are played with lighting to convince one that it is a different time of day to the world outside. The "Paris" has a similar set while the "Mirage" has a wonderful Dolphin pool and the "Bellagio" a fabulous water fountain symphony.

Further along the strip are Excalibur, New York, Luxor and the latest addition, the $2.7 billion Wynn. The place we stayed at, The Mandalay Bay and Resort has its own beach and wave-making machine that provides sufficient surf to drive one well onto the anti-slip surface at the waters edge with unpleasant consequences to one's hands and knees.

When one tires of wondering, looking and watching, there are the shows and world-class restaurants. At any one time one can see some of the greatest stage performers of our time ranging from singers, magicians, and vast casts such as Cirque du Soleil. Entrance prices seemed lower than the going rate in Australia with the added bonus that the theatres' are life size - unlike the Sydney Entertainment Centre and the like.

If one finds all this fantasy or hectare-sized gambling areas all too much you can take a day trip to the Hoover Dam and Grand Canyon. A small extravagance on a helicopter will assist you to reach the 70 mile destination in 45 minutes. Even better, is that you see this natural marvel from all sides and can spend a short time boating on the Colorado River, which helped to create the Canyon. Like so many other dams around the world, it is alarming to witness the declining water flows in the river and the fact that the Hoover (formerly Bolder) dam is at its lowest levels since its completion in the 1930s.

More adventurous types with spare time might like to water raft down the Colorado or have a (gas guzzling) Hummer with a guide to visit old gold mine workings and ghost towns out of which the legends of the 'Wild West' were born.



For those with the suave sophistication of James Bond, there may be disappointment; 'Vegas' is about mass entertainment for the entire family. Dress code is courageously unpretentious. Coming back from the pool in my shorts and smooth t-shirt, with trepidation, I stole a look at the gaming floor only to discover that I was among the well attired. There are, however, clear dress codes. The predominant fashion among the teams of young men out for a good time can best be described as light skirmishing gear; Bermuda long shorts, drab t-shirts worn out, oversized Nike's and the mandatory baseball cap with raised visor (sunglasses). With so much press coverage given to obesity, one can reliably report that we saw little evidence of the stereotype overweight Joe 'six-pack'. More conspicuous was the ever-presence of drink in hand - mostly alcoholic, which is presumably a protest against the prohibition mentality of their states of origin to the North. Scale, broad appeal both in food, activities, and pricing, and remarkable cleanliness are the recurrent memories of Las Vegas. This is a 24 hour fantasy world of fun and deception where almost nothing shuts. Ideal for a few days break that leaves one with the impression of a long holiday.

Kerr Neilson - New York, 1 October 2005

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 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. 5 and its Supplementary (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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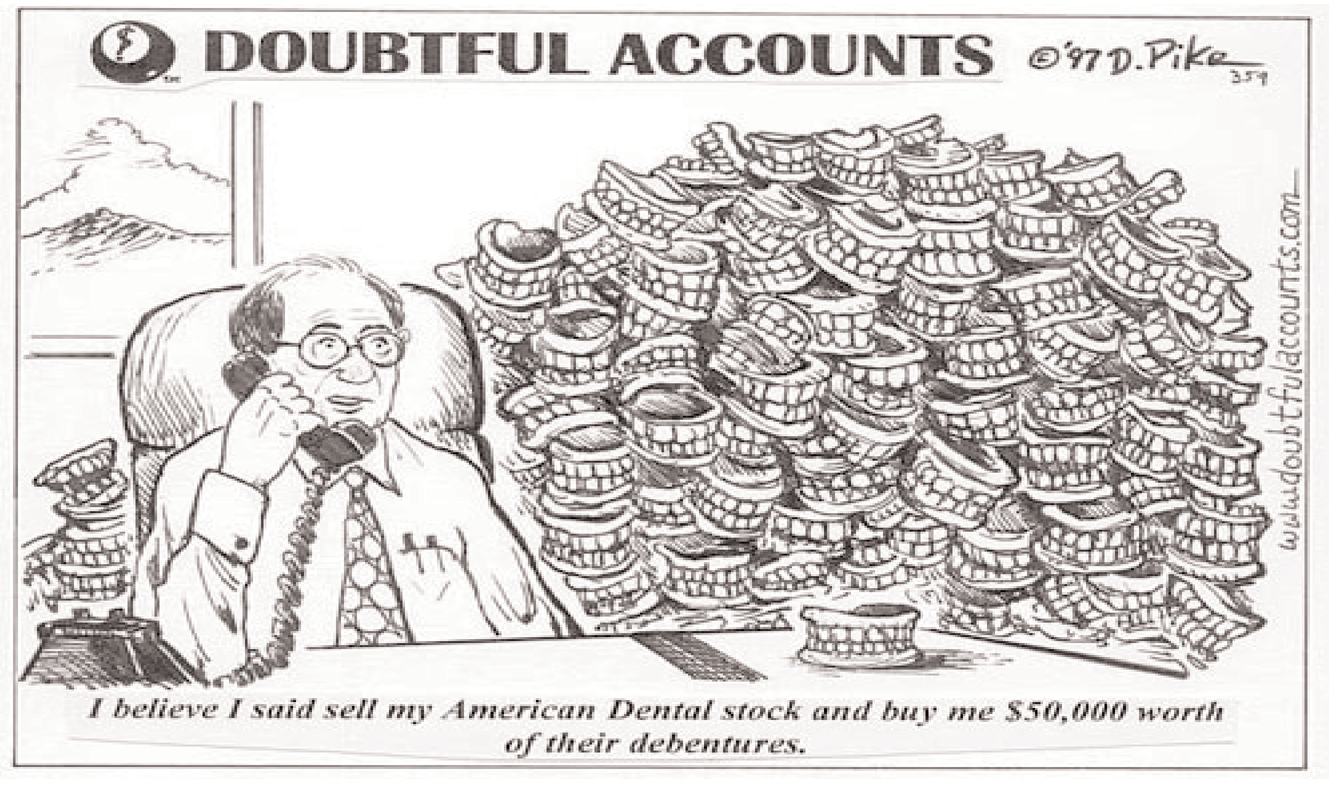
I'M NOT SLEEPING IN. I'M DRIVING LESS.
M.e. Cohen/HumorInk.com 09.27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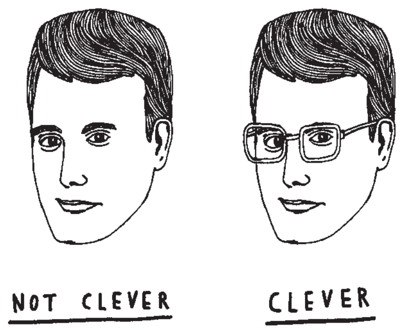
I believe I said sell my American Dental stock and buy me $50,000 worth of their debentures.

CURIOUS INVESTOR BEHAVIOUR No. 7



Representativeness:

Many of us react to the daily avalanche of data by adopting shortcuts – we tend to generalise from a small sample, creating stereotypes and false patterns.

An example of this may be the assumption that Chinese shares have participated in the current economic boom in the region. You might be surprised to discover the Shanghai Composite Index has been falling for the last four years and only now looks to be turning upwards.

Should you think twice before arriving at conclusions in a hurry?

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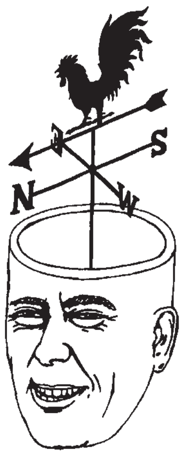
CURIOUS INVESTOR BEHAVIOUR No. 8



Availability bias:

Vivid, dramatic and personally relevant events tend to colour our thinking – the more recent and salient the information, the more importance we attach to it.

Availability bias causes investors to assume that companies heavily covered by the media deserve special attention. Unfortunately, distinguishing between noise and information is not always easy. A study by Cornell University in 2001 found that the companies with the highest press coverage in any given year underperformed in the next two years.

Do you allow the limelight to influence your choices?

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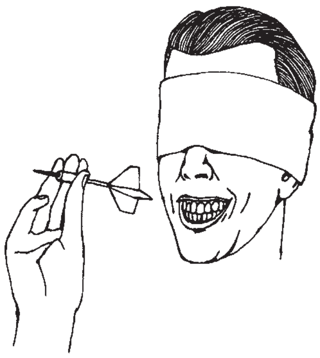
CURIOUS INVESTOR BEHAVIOUR No.9



Over-confidence:

According to multiple studies into human behaviour, the majority of people consider themselves superior in most day-to-day activities – for example, over 90% of drivers believe they are better than average!

Over-confidence is a particularly dangerous trait in the field of investment. It leads to over-estimation of one's knowledge and under-estimation of risk. In the late nineties, many investors enjoyed exceptional paper profits in technology stocks and attributed their successes to their ability.

As one astute observer put it, aim for timid forecasts and bold choices. In other words, under-estimate your knowledge and over-estimate risk.

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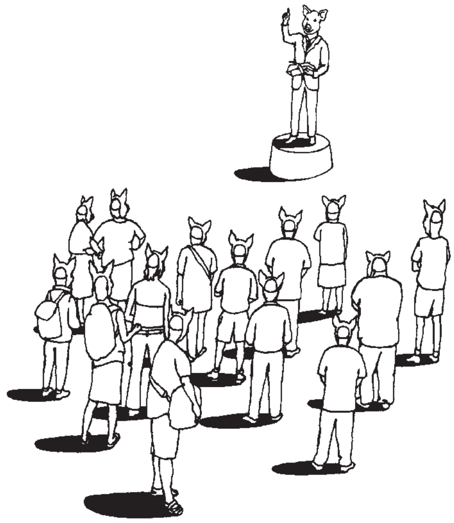
CURIOUS INVESTOR BEHAVIOUR No.10



Herding:

When investors are uncertain about the value of financial instruments, they typically default to a herding impulse; part of our evolutionary heritage that served us well in the past.

Sadly, herds are ruled by the majority, so the prevailing mood predominates. It takes a healthy dose of scepticism and nerves of steel to resist the temptation to run with the herd.

Perhaps we ought to keep reminding ourselves that a consensus view isn't always necessarily right.

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The firm was founded in February 1994 by a group of professionals who had built an enviable reputation while at Bankers Trust Australia. PAM currently manages around A$15 billion with over 20% of this coming from overseas investors. The staff are the owners of the company. The emphasis of the organisation is on managing clients' money rather than gathering funds: we have no sales staff and pay no inducements to promoters of our funds.

Since inception, the Platinum International Fund has achieved returns of well over twice those of the MSCI All Country World Index* and considerably more than interest rates on cash.

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* Please refer to page 2.

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