

PLATINUM UNHEDGED FUND



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Portfolio Manager

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio include (position prior quarter):

14% (13%) Asia ex-Japan/Hong Kong including Thailand, Korea, Taiwan and Malaysia.

13% (14%) Technology, Health Care and other once proud “growth” stocks.

11% (15%) Japanese domestic (banks, property, construction etc); Japan is one of the few developed economies where consumers remain relatively ungeared and investment preferences, driven by rising inflationary expectations, can change for the better ie. away from deposits and bonds towards equities and property.

11% (7%) Hong Kong listings, largely China consumption exposures (eg. property and retail).

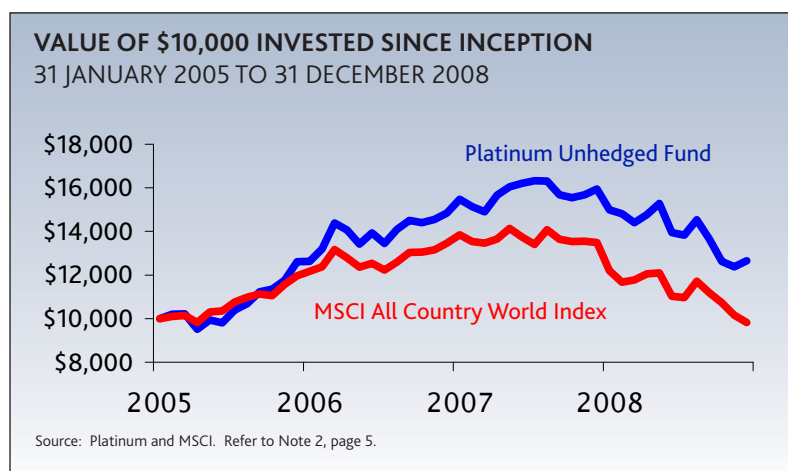
10% (9%) Energy and “Green” Technology – a long duration theme.

8% (7%) Gold, a laggard metal and inflation hedge.

8% (6%) Global Infrastructure/Energy capex related – a combination of the BRICs (Brazil, Russia, India and China) emerging requirements and the need to “renew” key parts of Western public infrastructure.

4% (9%) Pulp and Paper, a key neglected part of the commodities complex.

4% (4%) European domestic.



PERFORMANCE AND CHANGES TO THE PORTFOLIO

Over the last 12 months the Fund fell 20.7% outperforming the MSCI All Country World Index (A\$) benchmark by 6.5%, and over the past quarter the Fund fell 7.4% outperforming the benchmark by 4.8%. Since inception the return of the Platinum Unhedged Fund is 6.2% compound pa versus -0.4% compound pa for the MSCI.

The positions that cost the Fund the most during the quarter were our more highly geared pulp, paper and technology holdings; the key contributors were our gold and Japanese domestic stocks.

After markets finally seemed to stabilise and certain technical indicators started to improve (interbank rates, volatility measures, commercial paper issuance), we adopted a more aggressive stance, divesting some of the major outperformers (eg. Johnson and Johnson, Japanese construction stocks) investing the proceeds across a number of oversold, cyclical areas. When oil broke below \$60, we made a tactical decision to concentrate our purchases in areas that were clear beneficiaries of lower energy prices – hence, we added to our Asian consumer stocks lifting exposure to this region from 26% to 32%. For example, we added to our automobile makers (eg. Dongfeng), property developers (eg. Henderson Land), banks (eg. KB Financial Group) and gaming stocks (eg. Genting). So

far this strategy has worked with many of these stocks outperforming the recent bounce in markets. In Japan we acquired some very cheap cyclicals that have been hurt by the Yen appreciation (eg. Sony, Rohm and Mitsui). Please see the Japanese quarterly report on pages 19-22 for greater detail on the rationale behind this.

In adding this “cyclical” exposure, we made a decision not to take a high level of balance sheet risk.

Accordingly, even after significant underperformance we did not add to our pulp and paper bet, hence its weighting in the portfolio has shrunk. Whilst 12 months ago our thesis seemed to be falling into place with the industry regaining some pricing power after years of underperformance, the reality of the global credit crisis has proven somewhat more grim. We retain a residual exposure on the basis that supply and demand may rebalance faster than some other commodity related areas.

OUTLOOK

Given the beginning of a new year, we are providing investors a better understanding of how the Fund is positioned relative to a portfolio of (Platinum defined) opportunities. This is communicated via two tables: the first displays the geographic portfolio composition versus benchmark; the second displays the industry composition.

GEOGRAPHICAL PORTFOLIO COMPOSITION VERSUS BENCHMARK

REGION	BENCHMARK ¹	PLATINUM UNHEDGED FUND	FUND VS BENCHMARK
NORTH AMERICA	37.1%	23.8%	-13.3%
SOUTH AMERICA	2.1%	0.0%	-2.1%
EUROPE (DEVELOPED)	26.8%	15.7%	-11.1%
EUROPE (DEVELOPING)	1.9%	0.0%	-1.9%
ASIA EX JAPAN	16.4%	29.4%	13.0%
JAPAN	10.3%	21.4%	11.1%
MIDDLE EAST	2.0%	0.0%	-2.0%
AFRICA	1.2%	0.0%	-1.2%
PACIFIC	2.2%	1.0%	-1.2%
TOTAL	100.0%	91.3%	-8.7%

¹ Platinum defined benchmark, not unlike the MSCI, but tailored to Platinum's investment style

Source: Platinum

The Fund is clearly underweight the large developed markets of North America and Western Europe, and overweight Asia. The rationale for this has been explained in previous quarterlies; succinctly, we think Asia offers better value, lower balance sheet risk and higher growth.

The Fund is also clearly overweight the more cyclical industries and underweight the “defensive” area. Whilst we have outperformed markets over three months, twelve months and since inception by a reasonable margin, our performance in the last 12 months has been penalised by having too much cyclical (eg. tech, industrial, commodity, financial) and not enough defensive exposure (health care, telecommunications and utilities). At this juncture, we refer readers to the “defensive” versus “domestic cyclical” discussion in the current Platinum Japan Fund quarterly report to gain a better understanding of the definitions and logic being used here. We concluded from our research that the “defensives” were approaching valuation extremes versus the “cyclicals”. Accordingly, we have a strong view that now is not the right time to discover the beauty of these defensive areas and hence the Fund remains heavily underweight in favour of the cyclicals.

The one “defensive” area where we have retained high exposure is gold stocks. Gold, the metal and the

stocks, has significantly outperformed just about every other asset class, with government bonds being the one possible exception. We find this outperformance a little surprising given the collapse in the commodity complex and declining inflationary expectations. Clearly, the outperformance of gold is more a function of its perceived safe haven status and, some would argue, that it foretells the eventual debasement of the US dollar, as the Fed’s various policy measures become more extreme. Whilst it appears that the Fed has succeeded in solving some of the more dysfunctional elements of the credit markets, we are not yet prepared to accept that the Fed will succeed in actually getting the US consumer to borrow and spend more – he or she may well think that saving is now the rational response to changed circumstances. This places a large burden on the government sector to provide the credit “juice” via deficit spending. This will take some time to manifest in activity and in the meantime, the US dollar may strengthen as debts are repaid and we suspect we will not get the same performance from our gold stocks in the coming quarter. As you can see from the chart over, the under-performance of oil relative to gold is trending towards historical extremes. Accordingly, we are leaning towards the idea that the energy sector now offers a better risk reward trade than gold stocks.

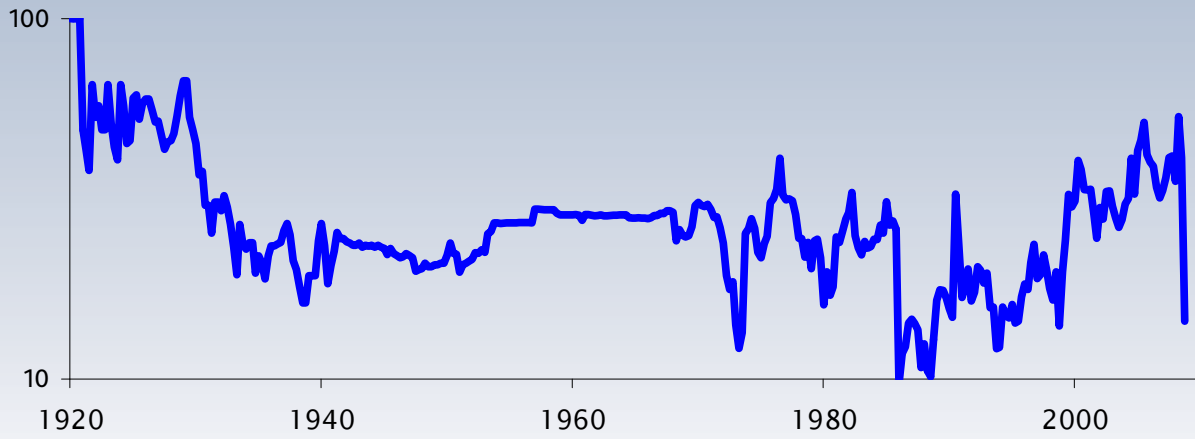
INDUSTRY PORTFOLIO COMPOSITION VERSUS BENCHMARK

SECTOR	BENCHMARK ¹	PLATINUM UNHEDGED FUND	FUND VS BENCHMARK
DEFENSIVE	30.4%	13.0%	-17.4%
DOMESTIC CYCLICAL	12.1%	19.7%	7.6%
DOMESTIC INTERNET	3.4%	2.6%	-0.8%
FINANCIAL AND PROPERTY	21.5%	19.2%	-2.3%
GLOBAL INDUSTRIAL AND COMMODITY	26.7%	24.9%	-1.8%
GLOBAL TECHNOLOGY	5.2%	10.7%	5.5%
OTHER	0.7%	1.2%	0.5%
TOTAL	100.0%	91.3%	-8.7%

¹ Platinum defined benchmark, not unlike the MSCI, but tailored to Platinum’s investment style

Source: Platinum

PERFORMANCE OF OIL RELATIVE TO GOLD (log scale)



Source: Factset

NOTES

1. The investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specific period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), are pre-tax and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

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

Platinum International Fund:
Inception 1 May 1995, MSCI All Country World Net Index

Platinum Unhedged Fund:
Inception 31 January 2005, MSCI All Country World Net Index

Platinum Asia Fund:
Inception 3 March 2003, MSCI All Country Asia ex Japan Net Index

Platinum European Fund:
Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:
Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:
Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:
Inception 18 May 2000, MSCI All Country World Information Technology Index

(nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

The investment returns are calculated using the Fund's unit price. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

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The Platinum Trust Product Disclosure Statement No. 8 (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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