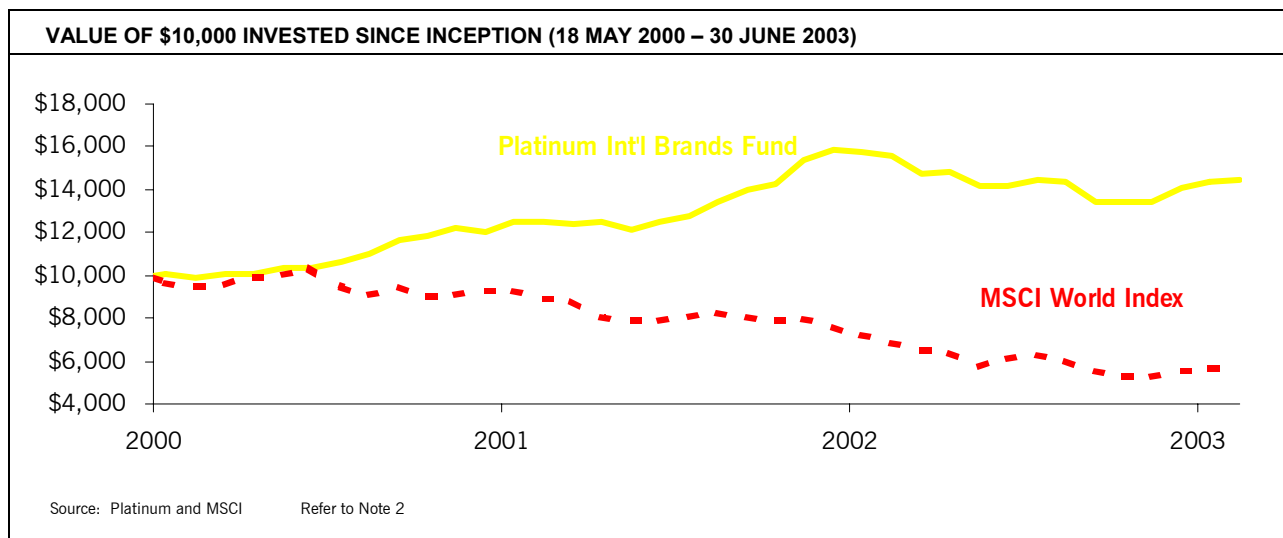


Platinum International Brands Fund

Performance

REDEMPTION PRICE: CUM \$1.3166 EX \$1.2442



During the quarter, the Platinum International Brands Fund rose 7.5%. The performance of the Fund being ahead of our proprietary index of branded goods which fell 1.1% in the quarter and the MSCI World Index which rose 5.5%. The 1.1% fall in our proprietary index belies the significant range of movement of individual stocks with rises or declines of over 20% in a number of stocks and up to 50% in some cases.

Leading the performance were the retailers as the market repositioned away from the defensive hiding places towards those stocks that would perhaps benefit more dramatically from any improvement in the economy. Of the top ten performers in our index, seven are retailers all with gains of over 30% - for example, Metro AG (German retailer), a Fund holding, increased 35% on the quarter. We should also caution that despite this strong quarterly performance all of these companies declined over a year.

For the 12 month period the International Brands Fund fell by 7.6%. Our proprietary index of branded goods and services companies fell by 23.6%, whilst the MSCI World Index fell 18.3%. Only four companies out of the nearly hundred that we track showed positive performance, whereas more than half the stocks in our index declined by more than 20%. Of the four positive performers, two were US retailers (The Gap Inc. and Best Buy Co.) and the other two, Wella AG, which rose on the takeover by Procter & Gamble and Avon Products which is in the throes of a significant modernisation program.

Our proprietary index, consistent with the Fund, is calculated in A\$. The fall of the US\$ against the A\$ has had a significant impact. As an example, over the 12 months Avon Products increased in value by 19% when measured in US\$ and a mere 0.5% when measured in A\$. The Fund has had a negligible level of investment in the US over the past 12 months, albeit this is beginning to change.

Changes to the Portfolio

We have significantly reduced the level of short interest from 15% of the Fund at the end of the last quarter to less than 5% now. At the end of the quarter we hold short positions in just two companies, Kellogg and Gillette.

We took advantage of the market's keen interest in the retailers and sold our positions in Kingfisher (UK home improvement retailer) and Metro (German retailer), more on this later. In Japan we sold our Shimano position while in Korea we switched out of

LG Household into a new investment, Tong Yang Confectionery Corp. Apart from confectionery, Tong Yang also operates a family restaurant chain and owns several cable broadcasting channels.

In the quarter, we also invested in Estée Lauder (US cosmetics). Estée Lauder was founded in 1946 and is now one of the major cosmetics companies of the world with leading brands such as Estée Lauder, Clinique and Prescriptives. Other brands, perhaps less well known include M.A.C, jane, Origins and Bobbi Brown amongst others. Estée Lauder, to June 2002, recorded its 51st year of uninterrupted sales growth and looks to be on track to continue that

trend in the current year. Estée Lauder has developed (or acquired) a collection of brands that are managed through a diverse range of distribution channels; department stores, perfumeries, pharmacies, duty free shops and the internet, 13,500 points of sale in 130 countries. Certainly, they are not immune from the downturn in tourism or consumer spending. The range of brands and the careful management of each brand through different distribution opportunities, provides us with confidence that the company has some capacity to influence its own destiny and are not entirely at the mercy of ever dominant retailers.

DISPOSITION OF ASSETS		
Region	Jun 2003	Mar 2003
Europe	43%	47%
Japan	17%	23%
Other Asia (incl. Korea)	8%	9%
US	3%	0%
Cash and Other	29%	22%
Shorts	5%	15%
Net Invested	66%	63%



Commentary

During the year we added to our position in Metro AG, Germany's largest retailer. Whilst German retailers have suffered through years of economic malaise, combined with tough competition as discounters like Aldi expanded, we believed investors had overlooked the strength of Metro's two largest businesses; the wholesale cash and carry business (in which Metro is by far the dominant company in Europe), and its discount electronics retail business, which is growing very quickly both in Germany and Europe. Metro's shares have subsequently rebounded strongly, as investors responded to favourable results and even began to anticipate improvement in the difficult German businesses. We now believe investors are becoming confident that all Metro's businesses will enjoy better times, underpinned by an improving German economy, a prospect which we believe is by no means assured, so we recently sold our holding in this stock.

A significant development in the UK retail market over the past six months has been an increase in

takeover activity. For example, January saw Safeway plc, one of the five major UK supermarket chains, receive takeover offers from its rivals Morrison, Asda (owned by Wal-Mart), Tesco and Sainsbury. A significant motivating factor would appear to be the desire to gain access to the sites of Safeway, rather than to continue running the stores under the Safeway banner, indicating perhaps the difficulty in finding suitable new store locations in that country. The takeover is currently being investigated by the UK Competition Commission, which must decide whether it can proceed. This ongoing consolidation of major retailers can only add to the pressure on the branded goods companies that supply them.

Other takeover activity appears to be largely opportunistic bids for several smaller retail companies, responding to depressed valuations such as the bid for Selfridges, the up-market London department store and Hamleys, the famous Regent St. toy store. This triggered further investor interest in retailers with depressed valuations. Our holding in

WH Smith, one of the largest UK book retailers/newsagents with attractive high street store locations, was bid up accordingly.

The United States saw a continuation of retail trends that we discussed in previous reports. Discount operators like WalMart continue to take share from department stores like Sears, albeit even WalMart shows a slowing trend in sales growth in its stores. Management recently commented that high levels of consumer debt are constraining consumer spending. We would add that with US unemployment at 6.4%, a nine year high and even worse in some regions, the consumer will continue to need a lot of convincing to increase their spending. Low interest rates and ready availability of credit continues to support housing sales, while sales of cars also remain surprisingly resilient.

Discounting by car makers and the availability of very cheap loans continues, (General Motors for example now offers cash discounts of 5 year interest free loans on all models, or up to \$4,000 cash back on most models, an unprecedented level of subsidy to hold up their sales volume). When we look across the range of branded consumer goods, from basics such as razors and batteries through to luxury items and cars, we see increasing levels of “promotional spend”, which invariably means increased discounts. The consumer, apart from being constrained economically, is also beginning to adapt to a discount environment where it pays to look for or even wait for the “special”.

We have previously commented that many of the large branded consumer companies are reducing their ranges, closing factories and selling businesses outside of their core product ranges as they adjust to a much harsher and more competitive environment.

Gone are the days where companies could launch a multitude of new variants and have the consumer try them just for something new. Latest data from IRI (a provider of industry data) is that of the 970 new *brands* launched in the US over the period October 2000 to October 2002, only ten achieved sales of more than \$100 million.

Companies are also proudly showing investors examples of the great gains they can make by running their businesses more efficiently. For example, in just one factory L’Oreal was able to reduce the number of raw material suppliers from 150 to 92 and Unilever by reviewing their specifications for fabric washing powders were able to reduce the number of “main components” from 118 to 26. There are many more examples that are enthusiastically put forward by the companies. US companies with significant operations in Europe are also benefiting from the fall in the value of the US dollar. However the increasing cost of competing raises concerns that as shareholders we will see little of the benefits flowing through to the profit line.

Unilever commented that there is increasing differentiation amongst the retailers. The retailers are in effect building their brand positioning, they are becoming brands in their own right. Aldi, currently opening stores in this country, very clearly stands for a limited range at exceptional prices, likewise WalMart, Tesco and Carrefour all offer different experiences from the perspective of the consumers. As these retailers continue to expand internationally the major branded goods companies are forced to align themselves to succeed with (and no longer despite) the retailers, resulting we suspect, in continued margin pressures.

Outlook

We are still wary of the current valuations and the near term prospects for many of the major branded goods companies. As the markets continue to show volatility and a propensity to chase performance, it will likely be the hiding place “defensives”, that suffer in performance. We continue to have concerns that the consumer, especially the US consumer, is faced with high debt levels, relatively high unemployment and is being tempted to spend

only when given significant incentives. The cost of competing continues to rise. Tourism and travel is still subdued affecting many of the branded companies as is the significant shift in the value of the US\$.

Whilst we find valuations more attractive in Japan and Europe than the United States, we will continue to challenge our thinking and take the opportunities, such as Estée Lauder, as they appear.

Notes

1. The returns represent the combined income and capital return for the specified period. They have been calculated using withdrawal prices, after taking into account management fees (excluding any performance fees), pre-tax, and assuming reinvestment of distributions. The returns shown represent past returns of the Fund only. Past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, returns can be negative (particularly in the short-term).
2. The investment returns depicted in the graphs are cumulative on A\$10,000 invested in the Funds since inception and relative to their Index (in A\$) as per below:

Platinum International Fund:

Inception 1 May 1995, MSCI World Accumulation Net Return Index in A\$

Platinum Asia Fund:

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

Platinum European Fund:

Inception 1 July 1998, MSCI Europe Accumulation Net Return Index in A\$

Platinum Japan Fund:

Inception 1 July 1998, MSCI Japan Accumulation Net Return Index in A\$

Platinum International Brands Fund:

Inception 18 May 2000, MSCI World Accumulation Net Return Index in A\$

Platinum International Technology Fund:

Inception 18 May 2000, MSCI Global Technology index in A\$

The investment return in the Funds is calculated using withdrawal prices, after taking into account management fees (excluding performance fees), pre-tax and assuming reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.