PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

Following on from last quarter's rather mixed performance, the Platinum International Brands Fund performed strongly this quarter with the Fund up 10.6%, ahead of the MSCI World Index (+3.7%). Over twelve months the Fund has provided a return of 18.8%.

This quarter the Fund's performance has benefited significantly from our holdings in India, particularly our investments in the alcoholic beverage sector, more on this below. Our holdings in Europe also showed good performance with returns in the 5-15% range from some of our long held investments such as Adidas, Henkel, Beiersdorf and Campari, albeit we had commented that some of these stocks were particularly weak the prior quarter. Our US investments performed well with our recently acquired Liberty Media increasing in value by more than 20%, although our investments in Japan were fairly mixed and didn't particularly contribute to the overall performance.

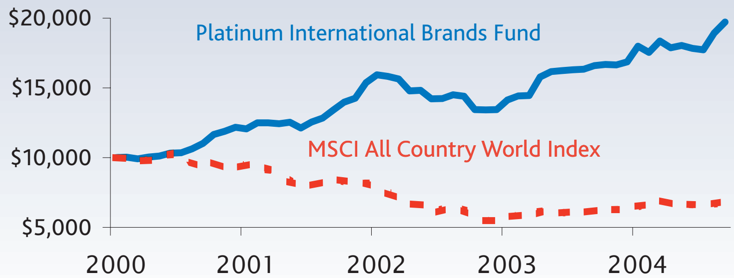
Our short position has not assisted our performance and has been reduced to 8% from 12%.

DISPOSITION OF ASSETS

REGION	DEC 2004	SEP 2004
EUROPE	38%	39%
OTHER ASIA (INCL KOREA)	32%	24%
JAPAN	12%	19%
NORTH AMERICA	4%	4%
CASH	14%	14%
SHORTS	8%	12%
NET INVESTED	78%	74%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 DECEMBER 2004



Source: Platinum and Facset. Refer to Note 2, page 5.

CHANGES TO THE PORTFOLIO

The most significant change to the portfolio has been an increase in our investment in Indian companies, from less than 15% a year ago to currently approaching 23% of the Fund. In part this has been achieved through the strong performance of some of our investments along with our enthusiastic addition of several new names to the Fund including Apollo Tyres (India's number two tyre manufacturer) and Britannia Industries (India's largest biscuit company) to name just two.

Our weighting towards Japan has decreased through the quarter from 19% to just less than 12% as we sold down a number of positions including Sky Perfect, Citizen Watch and Fuji Photo.

In the Eastern markets, Asia, including Japan, our overall weighting has stayed relatively consistent at around 40%. Whilst this proportional split has not materially changed we do not have any ideal weighting in mind; the apparent shift highlighted above, reducing the investment in Japan and increasing that in India, is only reflective of our assessment of the opportunities on a stock-by-stock basis. It is possible that we will continue to increase our investment in Indian companies and that the weighting there will increase without a commensurate decrease in our other Asian holdings.

We have also been adding to some of our European companies, notably the cosmetic companies such as Beiersdorf which was particularly weak at the beginning of the quarter. The stock had declined quite significantly in the third quarter and has subsequently climbed back to recover the lost ground. We also started a new position with L'Oreal which was subsequently added to following a visit to the company during the quarter.

L'Oreal appears to be a good example of where a short term distraction, together with increased competitive activity, has served to depress the stock to a multi-year low. Many are concerned as to whether this leading branded goods company can maintain its attractive historic growth rates given their failure to meet aspirational market expectations over the past couple of years. There remains the distraction of determining the impact on the company's reported results, especially the quoted P/E, following the merger of the two leading French pharmaceutical companies Sanofi Synthelabo and Aventis, in which L'Oreal owned a major stake (19.6%) of Sanofi Synthelabo. There is no doubt that competition is intense, and that some markets within Europe are especially difficult. However, we believe that an overly intense focus on short term quarterly results will miss the longer term brand and market building capabilities of this company, which continue to be supported by research and marketing budgets that are amongst the highest in the industry and backed by an exceptionally strong balance sheet.

COMMENTARY

Indian consumers apparently consume around 90 million cases pa of branded spirits (growing at around 10% pa) and an estimated 130-230 million cases of untaxed "country liquor" (cheap moonshine), making it one of the largest national liquor markets in the world by volume, although as might be expected it can be rather difficult to obtain reliable data when a significant part of the market is illicit. Beer consumption has been growing at an average rate of 9% pa over the last 5 years, the market at 6.8 million hectolitres and per capita consumption level of 0.7 litres is still extremely small by both developed (Australia at 90 litres per capita) and developing world (China at 19 litres per capita) standards.

Whisky accounts for over 60% of the branded spirits market, and the "browns" account for more than 90%. The typical branded mass market whisky sells at around US$6/litre, and 70% of this is paid away as tax. Beer sells at an average retail price of around US$1.50/litre and similar to branded spirits, 70% is paid away as tax. Hence, "country liquor" at around $2/litre can look extremely appealing to those looking for outright affordability or possibly even the best ratio of price to effect! (a litre of illicit liquor contains 300ml of alcohol compared with a mere 50ml from the equivalent litre of beer).

With such entrenched competition from the untaxed "country liquor" segment, the listed branded spirit companies have struggled to make a return, the beer industry has struggled to reach critical mass and, until recently, these companies were ignored by the stock market. Apart from the competitive issues, uncertainty regarding the development of the tax system and the ongoing need for improvements to the distribution systems has also been of concern to investors, as has the lack of capital investment in factories.

Even though both branded spirits and beer are currently taxed out of the reach of many, both industries are experiencing strong growth driven by a booming economy and favourable demographics; almost 70% of the population (over 700 million people) is under the age of 35 and many are experiencing rapid increases in their disposable income.

We have held investments in Shaw Wallace, McDowell and United Breweries (whose share price has increased more than threefold for us). United Breweries which holds 50% market share of the beer market with the leading beer brand Kingfisher, has appreciated significantly with the announcement of the joint venture with UK brewer Scottish and Newcastle. Shaw Wallace is the second largest branded spirits company and also has a joint venture with international brewer SAB Miller giving them a 40% share of the beer market. McDowell, a leading competitor in the spirits market has a 26% market share. While the recent excitement in these stocks has been driven by the interest of the foreign brewers, we believe that the more important operating gains and subsequent financial returns are yet to come.

The incumbent companies, with the resources and experience of their international partners are well placed to directly influence the future of the market. Maintaining or enhancing alcohol advertising restrictions is a competitive advantage for those with already well known brands and can seriously handicap potential new entrants, as an example. Perhaps far more important is the potential for changes to the taxation system, where local lobbying can have an impact.

The likely introduction of a federally administered value added tax (VAT) to replace state based sales taxes potentially eases the burden on the branded liquor industry. In making the branded segment more competitive relative to the untaxed segment, the government benefits from growing the total tax take, even as the overall rate of tax falls, with the added political benefit of this being an excellent public policy outcome.

Additionally, changing the tax base for the liquor industry from total beverage volume to just the alcohol content is inherently beneficial for the listed companies. From a social policy perspective, this is an easy reform to justify with the obvious benefit of discouraging consumption of health damaging high alcohol content beverages thereby encouraging the consumption of beer over hard liquor, with the cheaply priced illicit segment having the most to lose.

Given some basic reform of the taxation system that lowers the retail price of beer from US$1.50/litre (this is close to the price paid in the West) to a price closer to the US$0.60/litre paid in China should, we believe, see tremendous growth eventuate in the beer market. Further support will come from the development of the retail market, the bars and restaurants, and also distribution systems, including a widespread adoption of refrigeration.

OUTLOOK

We believe that the opportunities for our investments in India to provide exceptional returns over the longer term are very well supported, albeit we must highlight that in any particular quarter there may be some increased variability in the performance of the Fund. As discussed, the Fund has increased its exposure to this emerging market and may continue to do so, thereby increasing the impact of any potential correction along the way or volatility that such emerging markets can at times exhibit.

We are also encouraged to continue to look for opportunities in the cosmetic and alcoholic beverage sectors, particularly the European companies where their specific brand and geographic mix of business offers some encouraging growth prospects.

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.

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 as trustee for the Platinum Asset Management Trust (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds). The Platinum Trust Product Disclosure Statement No. 5 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's web site, 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.

DISCLAIMER: The information in this Quarterly Report is not intended to provide advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Platinum does not guarantee the repayment of capital, the payment of income or the performance of the Funds.