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

The Platinum Trust Quarterly Report

31 March 2005

Platinum ASSET MANAGEMENT®

CONTENTS

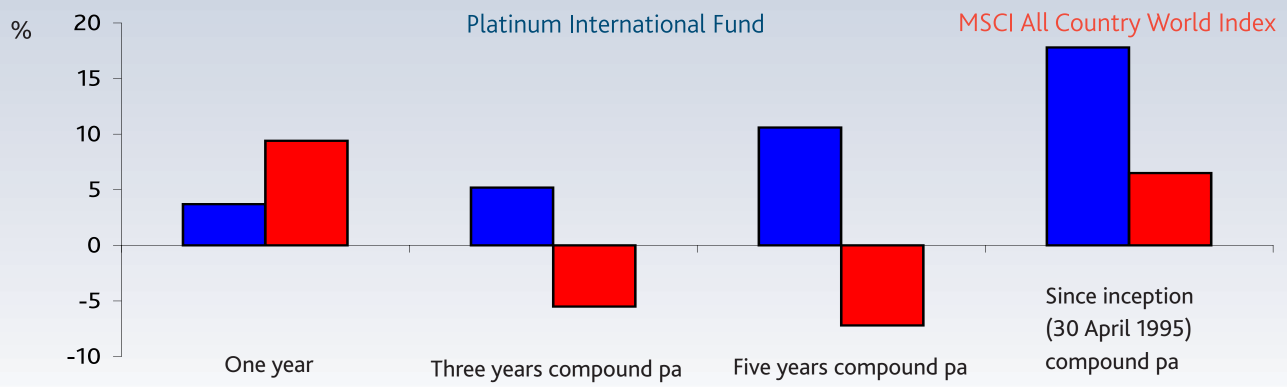
PERFORMANCE RETURNS TO 31 MARCH 2005

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$5,938m**	**0.4%**	**3.7%**	**19.2%**	**5.2%**	**10.6%**	**17.8%**
MSCI AC* WORLD INDEX		0.4%	9.4%	12.2%	-5.5%	-7.2%	6.5%
ASIA FUND	**$551m**	**9.4%**	**33.4%**	**41.2%**	**-**	**-**	**39.7%**
MSCI AC ASIA EX JAPAN INDEX		2.8%	9.0%	21.6%			18.6%
EUROPEAN FUND	**$188m**	**0.9%**	**11.7%**	**27.8%**	**7.2%**	**11.9%**	**16.1%**
MSCI AC EUROPE INDEX		1.9%	18.7%	20.6%	-1.5%	-4.6%	-1.4%
JAPAN FUND	**$246m**	**6.0%**	**9.4%**	**28.2%**	**11.6%**	**6.1%**	**23.9%**
MSCI JAPAN INDEX		-1.1%	-3.0%	14.2%	-2.1%	-11.5%	-0.4%
INTERNATIONAL BRANDS FUND	**$156m**	**6.8%**	**24.9%**	**25.1%**	**11.0%**	**–**	**16.5%**
MSCI AC WORLD INDEX		0.4%	9.4%	12.2%	-5.5%		-7.3%
INTERNATIONAL HEALTH CARE FUND	**$8m**	**-14.7%**	**-14.2%**	**(LAUNCHED NOVEMBER 2003)**			**-7.8%**
MSCI AC WORLD HEALTH CARE INDEX		0.7%	4.4%				5.5%
INTERNATIONAL TECHNOLOGY FUND	**$51m**	**-5.1%**	**-8.5%**	**17.8%**	**0.3%**	**–**	**9.9%**
MSCI AC WORLD IT INDEX		-4.9%	-6.4%	6.9%	-13.4%		-22.3%

*Morgan Stanley Capital International All Country

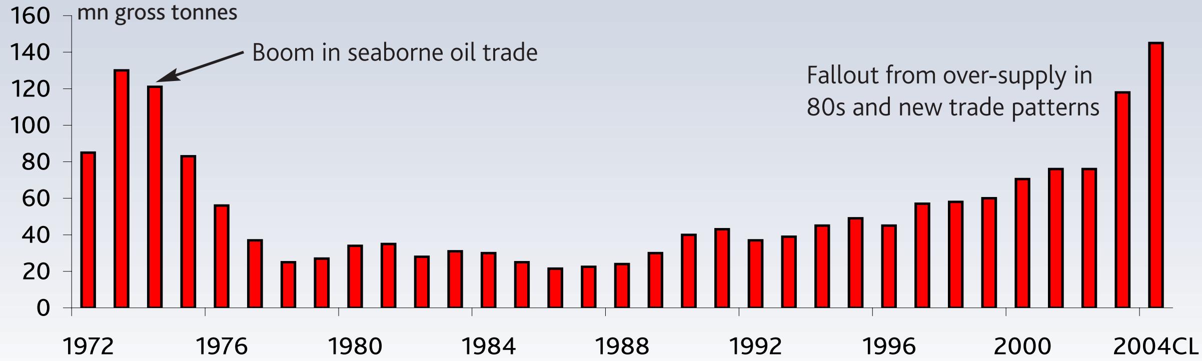
Source: Platinum and Factset. Refer to Note 1, page 36.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 31 MARCH 2005



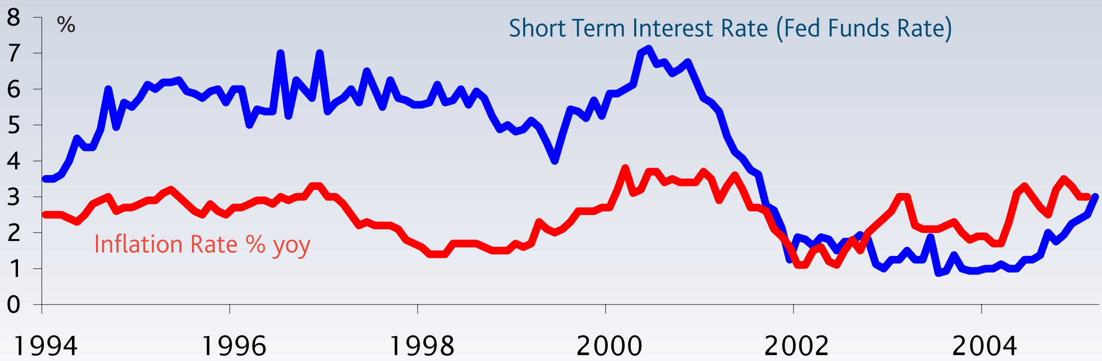
Source: Platinum and Factset. Refer to Note 1, page 36.

GLOBAL SHIPBUILDING ORDERBOOK - HISTORICAL TREND



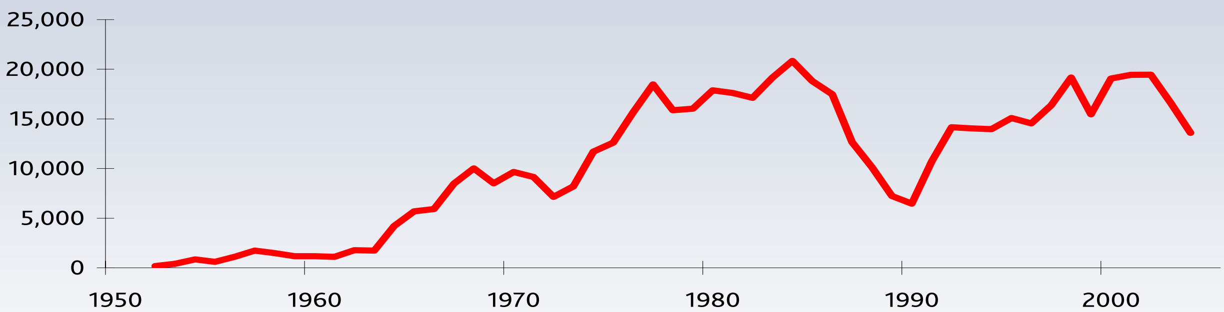
Source: Lloyd's Register, CLSA Asia-Pacific Markets

CORE US INFLATION RATE VERSUS SHORT TERM INTEREST RATES



Source: Bloomberg

JAPANESE CORPORATE BANKRUPTCIES



Source: Teikoku Data Bank Ltd

PLATINUM INTERNATIONAL FUND

Kerr Neilson
Managing Director

PERFORMANCE

In their native currencies, the large markets had a vapid quarter, making no headway and trading over a narrow range. The emerging markets were the precise opposite, with the most obscure such as Cairo or Karachi achieving fantastic returns. Overall, the MSCI rose in home currencies by only 0.2%, translating to a gain of 0.4% in Australian dollars.

By industry category, energy remained the markets favourite leaving a very mixed bag in its trail. On a twelve month view, those parts of the market that benefit most from strong growth such as energy, materials and industrials lead by a big margin, with the rest of the field well behind. The conspicuous exception was utilities, which has been strong from an oversold base. Information technology was the one sector to record a decline year on year.

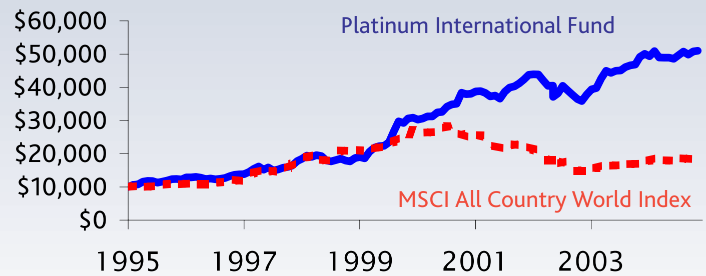
At present, the Fund is behaving somewhat like a stranded whale. Performance is very sluggish as some of the purchases of the last six to nine months are in aggregate still around our entry levels, while strong segments such as India and Korea are being offset by losses in technology and biotechnology. The recent love for risk seems to be the main explanation for this phenomenon: valuations for quality price setters (companies with unique positions with good brands or technological leadership) are being heavily de-rated to multi-year lows, while the valuation attributed to lesser companies is rising. This is clearly irritating in the short term but as interest rates begin to rise, this love for risk is likely to subside! It may be helpful to recall

MSCI WORLD INDEX INDUSTRY BREAKDOWN (A$)

SECTOR PERFORMANCE	QUARTER	1 YEAR
ENERGY	12.7%	34.4%
MATERIALS	2.8%	17.7%
UTILITIES	2.3%	18.5%
CONSUMER STAPLES	1.7%	5.8%
INDUSTRIALS	1.2%	14.7%
HEALTH CARE	-0.2%	3.6%
CONSUMER DISCRETIONARY	-2.8%	5.6%
FINANCIALS	-3.2%	5.5%
TELECOMMUNICATIONS	-4.7%	7.4%
INFORMATION TECHNOLOGY	-4.9%	-6.3%

Source: Bloomberg

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 31 MARCH 2005



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

that when acquiring new holdings, we tend to take a 3 to 5 year view and so long as the company's underlying business is performing as we had anticipated, we will tend to use price weakness to add to positions. We regard this present market aberration as providing an interesting opportunity.

Even so we are disappointed with the Fund's performance which equalled the MSCI this quarter and is trailing over the last 12 months by 5.7%.

CURRENCY

We may be entering another period of turbulence. The reversal of carry trades (ie. borrowing low interest cost and devaluing US dollars to fund leveraged investments) seems to be buoying the US dollar. On fundamental grounds, we have difficulty in shifting our negative stance on the US dollar and thus remain principally hedged into yen and euros. This position will be kept under close surveillance.

SHORTING

At last, some relief. The various financial stocks that we have sold short are at last responding to bad news. Most of the positions are in companies that will suffer as short term funding costs rise. Superficially they look cheap but on account of their vulnerability to a steepening yield curve, many will fail to meet market earnings expectations. In addition, revelations about phoney insurance underwriting is starting to work for our insurance company shorts.

CHANGES TO THE PORTFOLIO

DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
WESTERN EUROPE	29%	30%
JAPAN	28%	28%
NORTH AMERICA	17%	17%
EMERGING MARKETS	13%	15%
AUSTRALIA	0%	0%
CASH	13%	10%
SHORTS	28%	26%

Source: Platinum

Clients will know that we have been keen protagonists of both India and Korea but as excitement built to a crescendo in March, we reduced and consolidated our positions in those markets. Out went highly successful holdings like INI steel, Korea Electric Power, Jaiprakash (Indian civil engineering and hydro power) and some banks, while positions in ITC (consumer products) and NTPC (power generation) were increased.

In Japan we sold Sky Perfect because of disappointment with the rate of cable subscription growth, Ajinomoto on account of disappointing pull through from Lycine prices, and Nippon Sheet Glass after a very strong share price advance. We also added widely to our existing holdings, particularly in financials and introduced Mitsubishi Heavy Industries and IHI who should see a further improvement in their operations and benefits from greater investment spending.

In North America we added to Noranda, Mosaic, Newscorp, Foundry Networks, and Pfizer and Merck, as the price of each had dipped throughout the quarter. There was very good news from Noranda in that the planned trade sale by its holding company Brascan was shelved and Noranda is now acquiring the remaining outstanding shares in Falconbridge Nickel that it does not own. This is a transformational deal that substantially increases the company's worth and in an environment where the large cap miners are no longer cheap, offers investors a large cap alternative which is about to benefit from the tightening supply in zinc and aluminium.

In Europe, many of the existing holdings were increased while Merck KGaA was reduced after considerable strength on the back of its liquid crystals leadership and success with Erbitux (anti-cancer drug). Ericsson was re-introduced after some price weakness as we remain enthusiastic about telco capital spending and the company's unsung strength in Internet Protocol (IP) Ethernet multiplexing.

COMMENTARY

As one writes these quarterlies, one is made very conscious of the fads that grip the financial markets over time. One moment it's technology and its endless possibilities, another may be the threat of deflation or inflation, or as of now, the focus on China as the emerging workshop of the world. In terms of George Soros' concept of "reflexivity", as one cannot know in advance what will be the strength of the markets embrace of a new idea, it is prudent to let events unfold in their own time rather than unflinchingly defending a standpoint.

Where is this leading? Well, we have several underlying trends in mind that guide us in developing investment themes and influence the type of companies we favour. On account of "reflexivity", however, we are unlikely to bet the house on these views but they do contribute to what might be termed, directional stability. At present we have three underlying themes: we believe that the high level of debt in the Anglo-Saxon countries will be ultimately deflationary; that we are in the early stages of a prolonged capital spending cycle world-wide; and that Asian markets are generally more interesting than western markets.

The infusion of liquidity by the Federal Reserve Board and the reciprocal currency intervention by many central banks in Asia, have worked relatively well to rejuvenate activity but at the cost of global imbalances. US consumer spending has responded to tax breaks and also to the lower cost of debt. As this and other influences have washed into property values, there have been further rounds of leverage that have spurred on spending and built consumer confidence. At the same time, in their search for yield, those with savings are increasingly placing their hopes in the miraculous activities of some 8,000 hedge managers who will somehow each provide them with superior returns at no extra risk. (For this unusual offer, an estimated US$25 billion of fees were extracted in 2004!

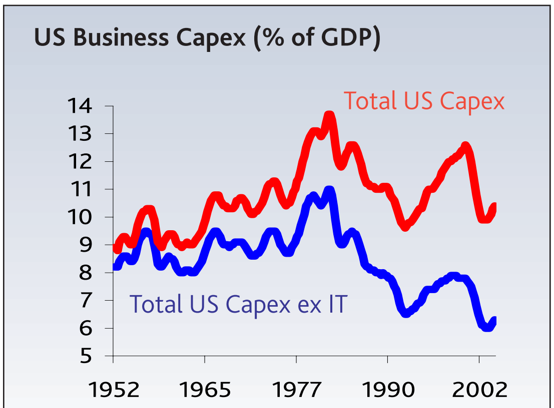
BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY (% OF ASSETS)

CATEGORIES	EXAMPLES OF STOCKS	MAR 2005	DEC 2004
CYCLICALS/MANUFACTURING	TOYOTA MOTOR, SCHINLDER, SIEMENS, LINDE, OCE	**27%**	**28%**
FINANCIALS	CREDIT AGRICOLE, MITSUBISHI TOKYO FINANCIAL, MITSUI SUMITOMO INSURANCE	**15%**	**16%**
TECHNOLOGY/HARDWARE	AGERE, INFINEON TECH, SAMSUNG, AMD, SUN MICROSYSTEMS	**8%**	**8%**
RETAIL/SERVICES/LOGISTICS	CARREFOUR, DEUTSCHE POST, HORNBACH, MITSUBISHI CORP	**7%**	**6%**
MEDICAL	TAKEDA, SCHERING, MERCK KGaA, GLAXOSMITHKLINE	**7%**	**8%**
CONSUMER BRANDS	HENKEL, ADIDAS SOLOMON, LOTTE	**6%**	**8%**
GOLD AND OTHER RESOURCES	SHELL, BARRICK GOLD, NEWMONT MINING, NORANDA	**6%**	**6%**
SOFTWARE/MEDIA	SEOUL BROADCASTING, NEWSCORP	**6%**	**6%**
TELECOMS	ALCATEL, NTT DOCOMO	**5%**	**4%**

Source: Platinum

Hence too, the excited chatter in the art world about a new breed of moneyed art aficionados.) Hedge fund activity in turn is influencing the relative pricing of bonds and equities, both in terms of developing versus developed markets and within markets: for example, there is a clear narrowing in valuations between fast-growing businesses and dull price-takers to extreme levels, seen from a 70 year perspective. We believe that this debt frenzy entrains a circular motion that ultimately will be buried under its own weight. Higher interest rates will gradually reveal the full extent of leverage and of carry trades and this will result in credit impairment and loss. The deflationary force alluded to comes from the ultimate need to **retard consumption**, which is usually forced rather than chosen, and arises from debt and asset liquidation. If you have difficulty in envisaging this consider that Japanese property prices have been declining for 14 years and are only now stabilising. The low rating of many financial shares in the US and UK does, however, suggest that this view is shared by the market but we suspect the damage will be more severe than is presently priced into capitalisations.

The second long-term theme, the prospect of a **strong, long capital spending cycle**, stems from the influence of supply-side economics. With concepts like privatisation, user-pay and so-called "shareholder value", there is also a tendency towards short-termism and under-investment. Throughout the 1990s, management faced a constant barrage of advice or rebuke from the fund management industry to sweat their assets and balance sheets. Even the redoubtable Japanese and continental Europeans, who failed to participate in the self-enrichment programme of lazily priced options, nearly succumbed to the siren call as they were humbled by the apparent new paradigm. The bursting of the dot com bubble was their salvation. Today there are innumerable industries suffering from under-investment, ranging from infrastructure to public services to heavy industry. The newspapers here and abroad are crammed with reports of public services short-comings but perhaps the more surprising data relates to the private sector. As you can see from the accompanying chart, expenditure by US businesses on fixed assets, excluding information technology, is at a fifty year low. Some of this is probably structural, in terms of the changing mix of activity in the economy, but nevertheless we draw the conclusion that it is below trend. This same pattern applies to Europe and Japan but the figures are less conspicuous.



Source: BEA

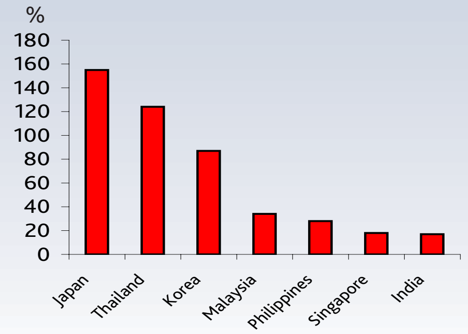
This raises the prospect that **growth** in some economies will be **significantly skewed towards capital works and away from the consumer**. We have already seen the spectacular boom in shipbuilding, with tonnages completed in 2003 at record levels and expectations of more to come (see graph on page 3); order books in mid-2004 for tankers were at a 30 year high of 1,261 vessels, equivalent to 88 million dwt (dead weight tonnes), while container vessel orders stood at 723 vessels, equal to 39 million dwt. Ports (including Liquefied Natural Gas compressing and receiving terminals) and rail are the next big thing, together with the resuscitation of power grids ... and, this is before **core industries which have been spending less than their depreciation** find reason to modernise.

Many economies in Asia will follow the opposite pattern. It is now eight years since foreign lenders pulled the rug from under them, causing devaluations and reduced consumption. Total external debt for "developing Asia[1]" has remained pretty flat at around US$700 billion, while the growth of exports has allowed external debt servicing to nearly halve to 8.9% of total exports, and external financial reserves to more than triple to US$850 billion. With their banks in sound order, local credit is expanding to assist domestic demand, and contrary to the belief of some, we suggest a slowing in the west will not cause a recession in developing Asia. Our view is based on the strong growth of inter-regional trade, highlighted last quarter, and the fact that many of the low cost items exported to the west will not suddenly reverse and may barely slow, given the removal of textile quotas and the like.

Turning to the heavy-weight of the region, Japan. Virtually on the day that General Motors announced further market share loss, and a profit down-grade, which caused the market to ponder its debt rating, Toyota released new SUV models powered by 3.3 litre petrol engines and twin rear-wheel electric motor drives. These all-wheel drive vehicles achieve fuel economy twice that of a standard vehicle in this category. Attractive in an oil-starved world yes, but of far more significance is the revelation of the technical lead the world's number two auto producer now has over all-comers, including the German producers. This, however, is not an isolated example because one can cite similar technical leads by a host of other Japanese companies. Two quarters ago we noted that Japan has increased its research and development spending steadily since the bubble burst and now allocates 3.3% of GDP in this way. We remind clients again that this **commitment to the long term** has a value that is ignored by crude measures such as return on equity or price earnings ratios.

We are convinced that the lingering fear about the Japanese banks is a psychological anchoring mechanism that will impede one from benefiting from the country's emerging bull market. Work done by CLSA suggests that the accumulated loss provisions taken since 1993, together with prior provisions, represent 155% of the current market capitalisations of Japanese banks. Yes, the boom was crazy but with property prices now recovering in core locations, this measure can give a hint of the potential write-backs that some may in due course experience. Note the accompanying chart and the scale of the Japanese provisions compared to the experience of the likes of Thailand and Korea following the 1997/98 bust. For more detail on Japan, do read Jim Simpson's comments on page 19.

Bank Provisions to Market Cap Ratio



Source: CLSA Asia-Pacific Markets

CONCLUSION

More attention is now being paid to the prospect of further rises of interest rates. This seems to be causing an unwinding of US dollar funded asset plays, the repayment of which is giving support to the US currency, for the moment at least. This may be the beginning of a bottoming of that currency but a lot will depend on the relative economic growth of the principal trading blocks. It is clear though that risk is being given more emphasis which will presumably adversely affect hitherto investor favourites, namely emerging markets, smaller capitalisation companies, and sub-prime debt. This may presage a greater emphasis on high quality, larger, global companies.

[1] Asia accepting Japan, Korea, Singapore and Taiwan

PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

In what was a relatively quiet period for Asian markets, which returned 2.8% for the quarter (MSCI Asia ex-Japan Index), the notable feature was the out-performance of smaller to mid-size companies versus their heavy weight counterparts. For example, in India the small company index raced ahead by 7% versus -2% for the entire market. The Platinum Asia Fund portfolio, being heavily weighted in these small to mid-sized companies across the region, was well positioned for such moves, returning 9.4% for the period. The performance was well distributed across most of the markets in which the Fund is invested with the exception of Taiwan where the malaise overhanging the technology sector impacted our holdings in Taiwanese broking stocks. For the last 12 months the Fund returned 33.4% versus 9% for the market (MSCI Asia ex Japan in A$).

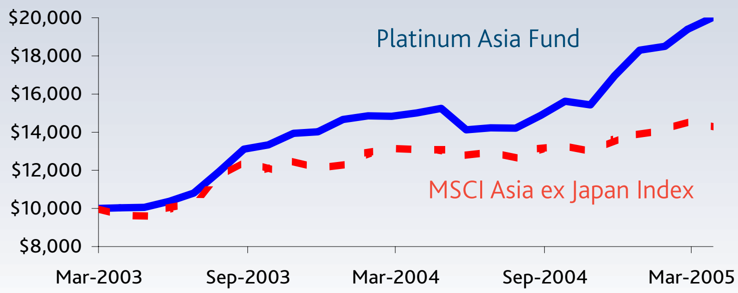
DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
CHINA	2%	2%
HONG KONG–CHINA H SHARES*	6%	5%
HONG KONG	10%	10%
TAIWAN	7%	9%
GREATER CHINA TOTAL	25%	26%
INDIA	29%	42%
KOREA	13%	14%
INDONESIA	2%	3%
THAILAND	2%	2%
MALAYSIA	1%	2%
SINGAPORE	1%	1%
CASH	27%	10%
SHORTS	13%	9%

Source: Platinum

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

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 31 MARCH 2005



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

CHANGES TO THE PORTFOLIO

Strong price moves in many of the Fund's Indian holdings have encouraged us to sell down these positions, resulting in the Indian exposure falling to 29% from 42% at the end of the previous quarter. Positions in United Breweries (beer), Shaw Wallace (beer and spirits), and Jaiprakash (construction) were significantly reduced. These sales, together with strong cash inflows, have increased the Fund's cash position to 27%. In addition, the short position on the Indian Nifty stock index was increased to 9%, thus reducing the net invested position of the portfolio to 60%.

New holdings included National Thermal Power Corp (India's largest power generator), while holdings in China Mobile (PRC Mobile Phone operator), Yuanta Securities, and Polaris Securities (Taiwanese stock brokers) were increased during the quarter.

COMMENTARY

During our recent visits to companies in Hong Kong and Taiwan what was once again striking was how companies in the region have continued to deepen their businesses over the years. Fifteen years ago the typical Asian manufacturer was turning out relatively simple products such as hair dryers, ceiling fans, and radios. The customer was usually a large multi-national with a well recognised brand who provided the product specifications to the manufacturer whose single task was to turn out the product at the lowest possible cost. Any complex components were generally supplied or sourced by the customer. It was a tough competitive environment, causing the reliability of earnings to be poor, and thus the stock market bestowed low valuations.

In the intervening period the sophistication of business in Asia has changed markedly. Although the high tech successes of the likes of Samsung and TSMC (Taiwan Semiconductor Manufacturing Corp) are well known, companies across the region have continued to invest in their business' building capabilities in design, distribution, and branding. It has not been uncommon for companies to acquire former customers, picking up their brands and technology. The final step for many is to ensure that the new big market in their backyard, China, belongs to them rather than their traditional multi-national customers. One of the best examples of companies that have successfully invested in their business in this fashion is Techtronic Industries[1]. Ten years ago, a contract manufacturer of power tools and vacuum cleaners, the company now owns the Ryobi brand of power tools as well as a number of leading vacuum cleaner brands. The profits for the business have increased more than 20 fold over this period, and the stock price 40 fold!

One of the Fund's holdings, Peace Mark is an interesting case study in this regard. The company is the world's largest manufacturer of watches (by volume), making over 8.3 million pieces in 2003. Customers range from the leading brands including Citizen, Seiko, and Casio, to fashion brands (eg. Fossil, Quicksilver and DKNY), and mass market retailers such as Wal-Mart. The retail price range of the product made by Peace Mark varies from less than $30 and up to $1,000.

Originally an assembler of watches, Peace Mark has steadily invested in its manufacturing capability to bring more of the component production in-house. The company has added design capabilities and can now, for those looking for the service, help with the origination of new product concepts. More recently the company has started to focus on building its own brand portfolio through licensing arrangements with brand owners as well as through acquisition. In the typical licensing arrangement the company has full responsibility

[1] Techtronic Industries is not currently a holding of the Fund.

for the business of designing and selling watches. The brand owner receives a royalty and signs off on designs and marketing programs to ensure they are consistent with their brand image. Examples of these deals include Bill Blass for the US market and Pierre Cardin for the China market. Peace Mark has also taken a 51% stake in its US distributor. This provides them with control over the US sales force for their portfolio of branded watches and also allows them to provide logistics and warehousing services for their other US customers.

The next step for Peace Mark was the acquisition of a number of stakes in watch distribution businesses in the PRC. These businesses are de facto retailers selling on a consignment basis to department stores. The department stores allocate space and it is up to the distributor to fit out, stock, and sell the product, with a fixed percentage of the proceeds going to the department store. With these acquisitions, the company positioned itself with over 500 points-of-sale in China, with the rights to sell brands such as Citizen and Swatch along with a multitude of others. Since taking over these businesses, the company has attracted further brands wishing to sell through their network, most notably Seiko. The company is now positioned as the leading retailer of branded watches in China, an interesting position given the status symbol that watches represent and the growth in household incomes.

Whether Peace Mark is successful in their strategy is yet to be answered, but the important point to be made is how they continue to invest in their business and broaden their position away from being a low cost commodity manufacturer. Other examples of companies following similar strategies we have come across recently include Moulin[2], a Hong Kong maker of spectacle frames that has pursued a brand acquisition and licensing path similar to Peace Mark, and have also acquired a major chain of optical shops in the US while building a similar retail operation in China. Test Rite[2], a Taiwanese trading company that specialised in sourcing hardware products for the likes of Home Depot in the US, is now the leading DIY retailer in their home market in a joint venture with B&Q of the UK. It is also following a brand licensing approach in developing products for the US market. Fu Sheng[2], a Taiwanese compressor maker that leads its home market and the PRC market has acquired troubled US compressor companies to access their brand name and distribution as well as technology. Apparel maker Luen Thai[2] has been extending their services beyond the traditional cut-make-and-trim to include design, material sourcing and certification, as well as logistics and warehousing.

As noted in the Platinum International Fund report, Japanese companies have continued to invest in R&D through the deflationary period of the last 15 years. This tendency for Asian companies to continue to invest and broaden their competencies, whether they be the Taiwanese and Koreans in semiconductors, the Indians in software and pharmaceuticals, or the "Peace Marks" of the region in branding and distribution, stands in stark contrast to the approach of the west where the mantra of the day continues to be to focus on "core competencies". From this micro perspective, the trade imbalances between Asia and the rest of the world are hardly surprising, and suggest that they may not be so easily turned around.

For the moment Asian stock markets may well swing about on US interest rates and global liquidity flows. However it is the willingness of Asian companies today to invest in their business that gives one confidence that the long run story of Asian growth has some way to go.

[2] Moulin, Test Rite, Fu Sheng and Luen Thai are not current holdings of the Fund.

OUTLOOK

Why were the smaller companies performing so well? In part it is because they have been delivering superior earnings growth together with lower starting valuations than many of the larger companies. However, this is only part of the story and our observation would be that plentiful liquidity in financial markets, primarily emanating out of the US, has increased the risk appetite across global markets with a sizable beneficial impact on prices of small stocks across the Asian region.

The fact that the best performing market in the region over the last year has been Pakistan, up over 50% during that period, and a mere 25% in the last three months, together with stories of Brazilian investors arriving on Indian shores, suggests that markets are pretty frothy and a cautious approach is warranted. One only needs to cast ones mind back to last May, when US bond yield rates increased sharply precipitating a broad sell-off in Asia, to gain an insight into what tighter liquidity might mean for regional markets. And with the increase in rates by the US Federal Reserve in late March, the markets have already begun to soften. The next challenge could well be re-ignition of concerns that China is overheating. Bank lending has continued to re-accelerate, as have residential property prices in major centres. The People's Bank of China recently increased deposit requirements for home buyers from 20% to 30%. If monetary conditions in the US and China remain on their tightening trend, it is quite possible that the Asian markets have seen their highs for 2005.

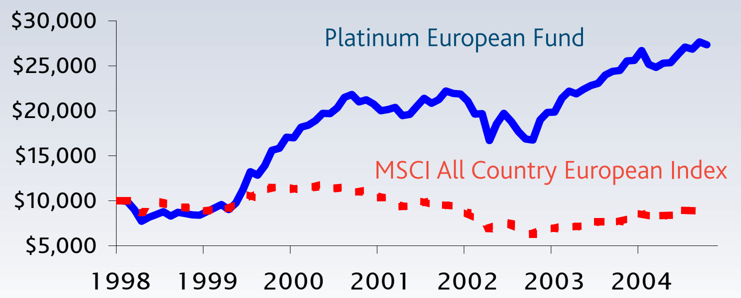
PLATINUM EUROPEAN FUND

Toby Harrop
Portfolio Manager

PERFORMANCE

European markets rose 4% in the opening three months of 2005; this gain was a refreshing contrast to the performance of Wall St (which fell 3%). The decline of the euro against the US dollar (by 5% over the quarter) may explain the difference; as noted in the last report, the Europe/Asia exchange rate is also important for continental businesses, and there has been little relief for the Europeans there. Another potentially significant event was the reversal in bond markets after the US January inflation data; again the European bond markets fell less than their American cousins. European Central Bank rhetoric notwithstanding (they are "vigilant" in watching for inflation after several years of strong money supply growth), there is a *declining* unit labour cost trend underway in Europe, and the strength of the currency since 2002 is still pushing traded goods prices lower (measured in euros). Thus while the US ten year government bond yield has risen 0.5% from its February low (now yielding 4.5%), the German equivalent has risen less than 0.2% (and currently yields 3.6%).

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 31 MARCH 2005



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

Western European markets varied from +2% in the UK and Germany, to +10% in Denmark (shipping giant AP Moeller is a nearly a third of the Danish stock market, and accounted for over half the market's gain). Paris and Amsterdam each added 6% in the three months. Further east the results were more exciting, reflecting the worldwide blow-off in emerging markets: Czech Republic +13%, Budapest +16%, Romania +18% and Ukraine up 9-10%. By industry, it was generally the economically sensitive (auto parts, transport, consumer products) and energy areas that showed the strength (+10-13%), while technology/telecoms were the notable laggards (though they were only down 4-6%). Paper and forest products disappointed by being down a little for the quarter - the industry seems to be having trouble implementing the "announced" paper price increases in Europe.

With the Australian dollar 2-3% stronger against the European currencies on average, the MSCI Europe measured in A$ gained 2% for the three months. The Platinum European Fund lagged a little, increasing by 1% over the quarter. Strong performances from engineering group Elexis (+25%), laboratory testing network Eurofins (+24%), paper machinery supplier Metso (+19%), and German DIY retailer Hornbach (+16%), reflected the improving profits announced by these companies. Also among the Fund's major holdings, French retailer Carrefour added 17% as the market was relieved at the appointment of a new chief executive (from inside the company). The Fund suffered from two technology-related holdings, namely Alcatel (-18% over the quarter) and Medion (-20%). Share price declines of this magnitude seem unwarranted, and we are gently adding to the positions. The (modest) short positions in the Fund brought mixed but not significant results over the quarter, and the Fund suffered the rising A$ (being less than 20% hedged) to finish with a disappointing 1% gain overall.

CHANGES TO THE PORTFOLIO

Changes to the portfolio over the quarter included selling down the position in SGS Surveillance (inspection and testing) which has been a strong performer over three years, and now seems fairly priced. We have been steadily adding to the (apparently) oversold "technology" companies - both in semiconductors and passive components, as well as Medion and Alcatel as mentioned. We took the chance on brief share price weakness to add to both Adidas and Henkel - these are both among the ten largest holdings now. In addition we have started to buy a business in the nuclear power plant engineering area, as well as one in OLEDs (organic light emitting diodes - a possible/likely successor technology to the currently booming area of liquid crystal displays). Finally, we made an investment in a UK company - specifically an engineering supplier to the mining industry. The Fund is, however, still marginally net short UK equities, even after this positive step.

COMMENTARY

Globalisation and its impact in the German share registers

In recent months, one of the more interesting situations has been that of Deutsche Börse AG (ie. the company which owns the German stock exchange - rather than the exchange itself), and the story highlights the changes in the structure and ownership of the capital markets in Germany.

Deutsche Börse, long-owned by a collection of financial institutions, was partly sold and listed on its own exchange in 2001, amid much fanfare, with the new capital earmarked for "consolidating" (ie. buying) European (and global) stock (and derivative) exchanges. A well run and highly profitable company, Deutsche

Börse had invested lavishly in computer systems, and the business was vertically integrated (including clearing and settlement activities). In addition the company has control of the Swiss and German derivatives market, where the German government bond future is the key product. In the four years since listing, Deutsche Börse has attempted or undertaken several expansion steps, from US derivatives to European clearing activities. The prices paid and/or success enjoyed have been mixed. But all along, it has been well known that Deutsche Börse's true desire was to buy the London Stock Exchange (LSE). By late 2004 the company was sure the time was right, and made a bid for the LSE in December, pushing LSE stock up to a market value of £1.5 billion. Other bidders (notably the French exchange) were anticipated, and many fretted that the eventual takeover price would be too high.

Since then, events have taken an unexpected course. Dissenting shareholders of Deutsche Börse, instead of selling their stock, demanded the cancellation of the bid. They, and opportunistic others (eg. hedge funds) also began buying Deutsche Börse shares with the intent of voting down the proposal. However, the appropriate meeting is not until later this year (ie. where they could vote their stock) and by then management could have paid up to secure the British prize. Even in February, when dissenting shareholders held 30-40% of Deutsche Börse, the company's management were muttering about "rebels" (rather than owners)! A few weeks ago, the shocking backdown came: the bid was cancelled, and the company promised to "return" (through dividends and/or purchasing its own shares) over Eu1bn cash to shareholders. Deutsche Börse shares jumped up, LSE shares fell sharply, and (mainly foreign) investors had their first major say in the internal management of a large German company (at least in recent decades).

Two other points to note are that (1) recent research suggests that foreigners own over 50% of the free-float of the DAX companies (the largest thirty listed German companies); and (2) we have always assumed that German pragmatism, and the blowtorch of proximate Eastern Europe would be the dominant forces encouraging greater profit focus in corporate Germany; perhaps (foreign) shareholders will play an important part too. There are many problematic and unattractive facets of the wide-ranging phenomenon labelled "globalisation"; one of the medium term effects, for better or worse, seems sure to be the exploitation for shareholders of the powerful business positions of much of Deutschland AG.

A nice business (if you took the time/effort to invent it!)

Merck KGaA (the original, not its famous ex-subsidiary in the US) is a German chemical/pharmaceutical company which has several business units. One of these has achieved sales (2001 to 2004) of Eu276mn, Eu377mn, Eu438mn, Eu583mn: growth of 28% pa. The business has only a couple of competitors, but in the relevant "high end" of its market, Merck tends to have overwhelming market shares. The business is scaleable both in a manufacturing sense and in the sense that R&D breakthroughs give rise to new uses. Customers are very large and usually brutal to suppliers, yet seem to be in no real position to usurp Merck's profits in the area. The chemical which Merck supplies represents just a few percent of the cost of the product of which it is the core; the end-product in question is perhaps the hottest major electronics area of the moment.

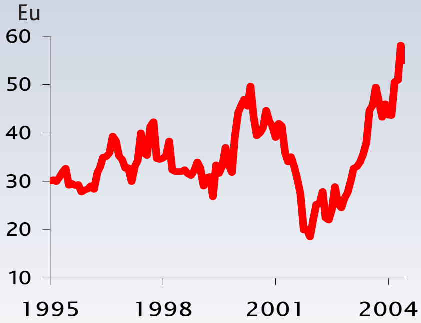
In 2004, Merck streamlined itself to a comparatively simple structure comprising ethical pharmaceuticals, generic pharmaceuticals, and chemicals. This simplification prompted the company to publish more detailed results of its operations, for the first time revealing the profitability of the specific chemical business outlined above. Even for those who had suspected handsome profits (and had held the shares of the company for years because of this business), the reality is breathtaking. On 2004's Eu583mn of sales, profits were Eu299mn! Against both sales and capital employed (or, loosely ROI), returns are over 50% (*in one year*). 2004 was a good year, but those returns in 2003 were still between 45% and 50%. 2005 is shaping up to be an improvement on 2004.

This wonderful business is in fact the development, manufacture and supply (to display manufacturers) of liquid crystal mixtures. These form the core of LCDs (liquid crystal displays), which are found in mobile telephone and car navigation displays, in laptop and desktop computer screens, and increasingly in television sets. As the size of the display surface increases, and especially if the picture needs to change quickly (eg. for television), the required characteristics of the liquid crystal mixtures become more and more challenging. "High end" thus tends to mean recently-developed, patented, expensive, and used in innovative products - such as in wide screen TVs.

How did Merck achieve such a dominant position in such a business, and how does it maintain it? Persistence, for one thing - the company had studied liquid crystals for many decades, so that when commercial applications became plausible from 1968 Merck was ready and has been a key player ever since. It is true that several erstwhile competitors dropped out of the business in the 1980s (and even 1990s) - real volumes seemed distant, and alternatives such as plasma and OLEDs (organic light emitting diodes) made some nervous. Perhaps more interesting is how the company has grown with the industry in the last 5-7 years as it has become very large: here the key seems to have been the way Merck's scientists have worked with customers such as Sharp, Samsung, LG Philips etc to develop breakthroughs. Issues - once thought insurmountable - such as power consumption, switching time, viewing angles etc - have been addressed so that today 165cm TV screens are being produced; as recently as 2001 this market was presumed to be beyond the capability of LCD screens. Capitalism's development power is often bewildering when a network of players work on technical difficulties, and Merck has managed to keep its privileged place through the storm (the LC mixtures has been the only consistently profitable part of the LCD revolution).

For us it was fortunate that the stockmarket's focus when it came to LCDs was (and is) predominantly on the giant Japanese, Korean, (Taiwanese, Chinese etc) display manufacturers. Those companies spend $1-2bn (*billion*!) to build LCD fabrication plants, they wrestle with plant yields and new techniques to make the "sandwich" which forms the display, they struggle with the backlighting issues (30% of the cost of a large LCD) and then they compete violently on price to entice consumers to trade up to these attractive new products. Meanwhile, the super-profitable core of the LCD bonanza was awaiting discovery in an old German family chemicals group in Darmstadt. To be fair we hoped/expected the LCD business to feed the earnings and performance of the shares a few years ago, but have enjoyed the market's "discovery" nonetheless (or all the more!?) in the last 18 months. The overall value of the group is now Eu11bn (A$18bn), with the family owning around three-quarters.

Merck KGaA (Germany) Share Price



Source: Factset

From here, of course, the question is what next? We continue to hold Merck, which also has one of the world's best generic pharmaceutical businesses (its Australian subsidiary Alphapharm is in fact the largest drug company in this country) and some promising products in its ethical pharma business. It seems that all three legs of the company can propel the enterprise forward in the coming years, so that the shares look attractive still. In addition, the signals emanating from a company such as this - science-driven, long term, independent, bold and original - are worth heeding. With this in mind we have followed Merck's lead in the potential future of the displays business: the company has bought two or three businesses in the OLED area in recent months, and the transaction amounts are larger than one would expect a merely defensive (or curious!) player to make. Thus as mentioned earlier in this report, the Fund has invested also in an OLED business.

OUTLOOK

Prospects and positioning

In the last few days, the macroeconomic news from Europe has been uninspiring - German unemployment has now climbed up over 12%; in general the forward indicators (investment intentions etc) point to low general growth again this year. On the one hand this makes interest rate rises unlikely in Europe; on the other, in the light of the various points made above, it emphasises that investing in, say, Germany, is about buying shares of businesses, not the whole market, and certainly not the domestic economy.

At the end of March 2005, the Platinum European Fund was 83% long and 9% short for a net exposure of 74% to European shares. The Fund was exposed 18% to the A$, 61% to euros, and 20% to other (primarily Scandinavian) currencies.

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY (% OF ASSETS)

CATEGORIES	EXAMPLES OF STOCKS	MAR 2005	DEC 2004
CONSUMER/RETAIL	ADIDAS, HENKEL, HORNBACH, DOUGLAS	**16%**	**16%**
CHEMICALS/MATERIALS	LINDE, MERCK KGaA	**15%**	**15%**
CAPITAL GOODS	OCE, SCHINDLER, SIEMENS	**14%**	**14%**
TECH/MEDIA	INFINEON TECH, ALCATEL	**11%**	**9%**
MISCELLANEOUS SERVICES	DEUTSCHE POST, VEOLIA ENVIRONNEMENT, GFK	**11%**	**11%**
PHARMACEUTICAL/BIOTECHNOLOGY	NOVOZYMES, GLAXOSMITHKLINE	**9%**	**10%**
FINANCIALS	CREDIT AGRICOLE, NORDEA	**7%**	**8%**

Source: Platinum

PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

The Fund performed well during the quarter rising by 6% versus a 1.1% fall for the MSCI Japan index both in $A terms. This strong out-performance was primarily driven by the global strength in cyclical shares which benefited our industrial and resource share holdings in Japan and Korea. To a lesser extent, the performance was also assisted by the relative strength of the Korean won against most major currencies, rising by 6% against the Japanese yen. Within the portfolio many of our Korean names rose by 40% over the quarter. In Japan, cyclical stocks such as Nippon Oil, Fuji Electric and Tokyo Broadcasting rose by more than 10%.

For the year to 31 March 2005, the Platinum Japan Fund rose by 9.4% versus the MSCI Japan index fall of 3%. For the three years to the same date, the Fund rose by 11.6% pa compared with an MSCI index return of -2.1% pa.

CHANGES TO THE PORTFOLIO

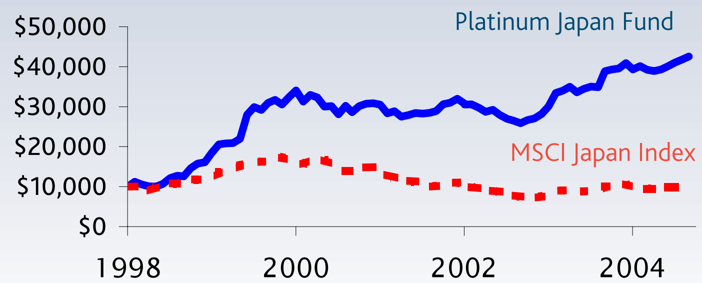
Toward the end of the quarter we adopted a slightly more defensive posture by introducing index shorts on the Korean market and stock specific shorts in Japan. This reflects our view that the inexorable rise of US interest rates will eventually begin to impact cyclical stocks. Consistent with this view we also initiated a modest long position in the US dollar. Stocks added to or purchased during the quarter included Sumitomo Chemical, SMC and Mitsui Fudosan. Stocks deleted or reduced during the quarter included Seoul Broadcasting, JS Group and Nintendo.

DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
JAPAN	74%	74%
KOREA	14%	13%
CASH	12%	13%
SHORTS	7%	0%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 31 MARCH 2005



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

COMMENTARY

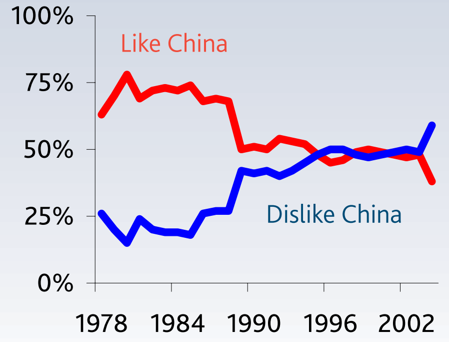
The remilitarisation of Japan?

Japan would appear to be at a crossroad. For half a century a highly successful combination of a relatively benign military overlord (the US) and a socially ordered, hardworking and inventive population, has defined power in the Asian region. A turning point appears to have been reached with the gradual passing of the "war generation", an increasingly stretched US foreign policy and the emergence of China and a nuclearised North Korea. We believe this will force Japan to adopt a more active military positioning. However, we do not believe that this will inevitably lead to the bad old days!

Attitudes within Japan appear relatively calm toward the idea of greater military spending. The general feeling seems to be that the country has paid its dues and it is time to move on from its "occupation" period. This is especially reinforced with the aggressive military gestures taken by China and North Korea and the prominence this is given by the Japanese media. In a sense this would be the "normalisation" of Japan and its one defining characteristic could be for a constitutional change to allow its military to have a greater role. Additionally, big brother America is likely to actively support such a change, being less focused on the past and more concerned about checking China's influence. It would also allow for the Japanese' considerable financial and technical talents to be harnessed for military purposes. Who knows, we could even get a missile shield that works!

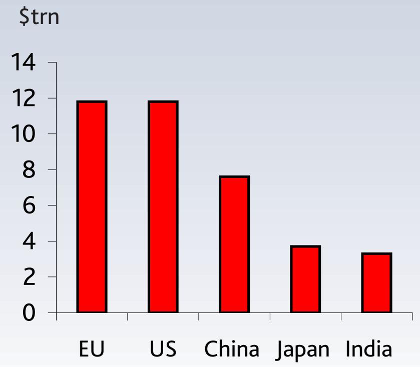
The emergence of China is also likely to be a substantial factor in the reshaping of Japan. With China now a more important economic force than Japan, with the margin only increasing, Japan is likely to find itself sucked into its giant neighbour's sphere of influence at the same time as it maintains close alignment with US interests. This is bound to create tensions as allegiances across the Asian region are recast based on economic power shifts. The problem for Japan is that it is all too aware that its neighbour has a long memory of its invasion of the country and it is unlikely to be a smooth transition for them to make. As China has shown a readiness to project power within the region and elsewhere, the Japanese are unlikely to sit idly by with the US for comfort.

Japan Public Opinion Survey on Diplomacy



Source: Cabinet Office, Latest poll conducted 7-17.10.04, 3,000 adults nationwide

Global GDP Ranking (PPP adjusted 2005 est)



Source: IMF

Tension between neighbours is nothing new and this is especially so in the North Asian region, however, they are being heightened by a combination of economic growth and the search for natural resources on the one hand, and rising evidence of nationalism on the other. It seems that old sores of the past are being gradually reopened as the post-war generation fades away.

The following list merely highlights some of the major points of contention recently:

1. Regular visits by Japanese Prime Minister Koizumi to the Yasukuni war shrine to honour Japan's war dead despite Chinese and Korean objections.

2. A number of sea border disputes such as with China and Japan over the Senkaku Islands (Diaoyu in China) and their rich gas reserves.

3. Japanese encouragement for the pro-independence movement in Taiwan.

4. Competition between China and Japan regarding oil pipelines from Russia into the northern Asian regions.

5. Disclosure by North Korea and subsequent outrage in the Japanese media over kidnap victims.

Source: CLSA Asia-Pacific Markets

Under the US imposed constitution, Japan formally renounces war as a means of settling disputes, imposes restrictions on the export of arms and limits defence spending to that essential for homeland defence. Whilst this still means that Japan has the fourth largest military budget in the world it is very low in relative terms to what they could spend and it is also clear that its tactical capability in particular is poor.

DEFENCE SPENDING OF MAJOR COUNTRIES

	% OF GDP	US$BN
UNITED STATES	3.4	348
EU/NATO	1.9	171
CHINA	3.9	51
RUSSIA	4.8	51
JAPAN	1.0	40

Source: International Institute of Strategic Studies

Recent amendments to the constitution have been made to allow Japan to participate in missile defence shields. However it is likely that further proposals will be made that allow for the export of armaments in general. This could open up opportunities for Japanese heavy industrial companies that have hitherto only catered to the domestic market. Further softening of the constitution is also possible which could remove the need for bizarre situations like the sending of Australian troops to Iraq in order to defend Japanese troops!

From an investment viewpoint the natural counterpoint to the tremendous run in global equity prices of recent years, largely on the benefits of globalisation, are the geopolitical tensions it engenders. To date these tensions have been well controlled but the "growth at all costs" mentality applied across global borders, in other words greed, is bound to create tensions from time to time. Whether this snowballs into nationalistic tendencies is hard to predict but if it does it may highlight the constraints of globalisation and signal an end to the great equity bull market. Certainly we would hope greater economic integration will balance out these tensions but then history would not give one much comfort in that regard.

(For further background readers may also like to read the recent *The Economist* article, pp 23-25, 26 March 2005 edition).

PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

The Fund's positive performance continued this quarter with the Platinum International Brands Fund gaining 6.8%, ahead of the MSCI World Index +0.4%. Over twelve months the Fund has provided a return of 24.9% compared with the 9.4% performance by the index.

When reviewing the Fund's performance on a stock-by-stock basis the pattern is quite mixed. Our Indian positions have generally done well, particularly our liquor stocks with the ongoing themes of corporate restructuring and investment by the major international companies. In Europe, we have seen some good performance from our retail investments with Carrefour (the French hypermarket) up over 15% and the German retailers Douglas (perfumeries) and Hornbach (home and garden DIY stores) both performing strongly. Some of our longer held investments in Europe, such as Lindt and Spruengli (renowned chocolatier) and Davide Campari (spirits and wines) along with our investments in cosmetic companies, also provided a good contribution over the quarter.

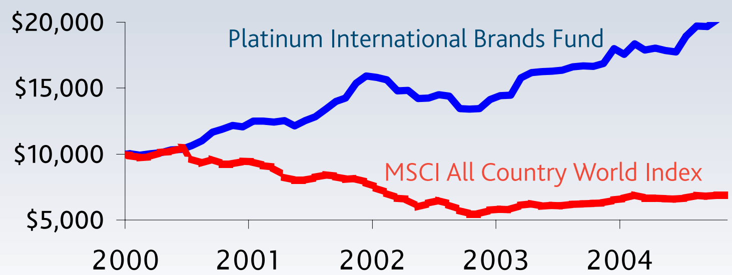
We closed our short position in Gillette for a loss following the agreed takeover by Procter and Gamble. Clearly, a disappointing outcome and whilst we might speculate on the motives of Gillette in approaching P&G, it would nonetheless appear to be a good outcome for Gillette shareholders. We will follow with interest the performance of Gillette within P&G, mindful of the difficulties that P&G have encountered in trying to obtain superior returns from their acquisitions of Clairol and Wella.

DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
EUROPE	34%	38%
OTHER ASIA (INCL KOREA)	29%	32%
JAPAN	15%	12%
NORTH AMERICA	4%	4%
CASH	18%	14%
SHORTS	14%	8%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 MARCH 2005



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

Our short position in Anheuser Busch is starting to contribute positively as the impact of increased competition, both directly in the beer market and indirectly by the spirit companies, hinders Anheuser's ability to continue to take price increases, perhaps at a time when they most need to protect profits. We might postulate that Kellogg finds itself in a somewhat similar position of rising costs, increasing competition and a perhaps unsustainable pricing umbrella.

CHANGES TO THE PORTFOLIO

We have been reducing our investment in India, despite the introduction of Bata India Ltd to the Fund. Bata, a household name in India, manufactures and markets footwear under some globally recognised brands such as Hush Puppies, Marie Claire and the fun Bubble Gummers for kids, amongst others.

It is relatively easy to describe the nature of a brand when using examples such as Hush Puppies that have been established for many decades, or brands that have gained iconic status in the western world; Coke or McDonald's for example. What are we to make though of brands that are much newer such as the 'iPod' ... is it a distinct brand with longevity or is it merely a product extension trading off the 'Apple' brand name?

We have introduced regional brands to the Fund before, for example the Indian Beer brand 'Kingfisher' and have generally been guided by the principle that it is the consumer that determines the success of a brand. That is, we look for the purchasing decision to be made by the consumer and not an intermediary. So whilst Lipitor or Viagra may be heavily advertised and well recognised 'brands' they do not fit our defining parameter of the purchase decision being finally determined by the consumer.

In the vein of strong regional brands we have increased our weighting in Japan through the addition of investments into two regional banks; Bank of Fukuoka and Bank of Yokohama. The Bank of Fukuoka is one of Japan's top regional banks and services the Kyushu region in western Japan. Bank of Yokohama is also a leading regional bank having been founded in 1920 and serving the Kanagawa Prefecture and southwest Tokyo.

The short position of the Fund has been increased from 8% to 14% not withstanding closing the short position in Gillette. We have added to our short position in Kellogg, introduced a short index position in India and taken short positions in the Australian market in two high profile companies.

Bata

COMMENTARY

Are all banks the same? They all provide a similar range of products at more or less the same price with much the same approach to service. Or do they? This is just the dynamics that provide fertile ground for developing strong brands and a clear differentiating message. Regional banks and co-operative (member owned) banks may be a case worthy of further study by the majors. Surely the scale of the majors; numbers of branches, huge infrastructure investment in information technology, ATMs and internet access would have secured the end of any minor regional participant? In any case can't they just be bought out? Or is there real brand loyalty derived from first hand experiences that set apart the regional participants? Is the consumer experience, as then conveyed directly by word of mouth (referral and recommendation), still one of the most powerful marketing tools?

Branded goods companies and consumer goods companies more generally have lamented the demise of dominant communication tools. It used to be that a good ad aired across a small number of free-to-air TV channels was sufficient. All a keen marketing executive then had to do was determine the placement and timing, and perhaps a little supportive media by way of cinema, outdoor or magazine if the budget stretched. Clearly this is a gross simplification, though perhaps not really when compared to the fragmentation of communication that the hapless executive now faces.

How much should he/she now devote to TV when many hours are spent by consumers on the Internet? How does he/she brief the creative agency when many of their skills and tools have been honed with the almost singular domination of TV over the past 50 years?

Further, how does the branded goods company manage the issue of the technological equivalent to a chat over the back fence; Internet chat and web posting sites. "Blogs" have been written about more and more in the general press as well as in the industry press of the marketing and advertising world. A "blog" is often a personal web page, something of a mixture between a diary and links to sites of interest to that person, an electronic scrap book of sorts. This apparently innocuous development has further evolved into far more sophisticated sites where recommendations and opinions on events and products abound.

It is interesting to note how technology has enabled the development of communication from essentially a one-to-many (TV) through to the now easy ability for many-to-many communication, allowing consumers to essentially generate their own marketing messages. Consider perhaps the now ubiquitous email system. Starting initially with one-to-one text only messages until the 'forward', 'reply to all' and 'attach' buttons were discovered concurrent with the technology's ability to process the command in a matter of moments, almost regardless of the depth of content that might also include photos or video.

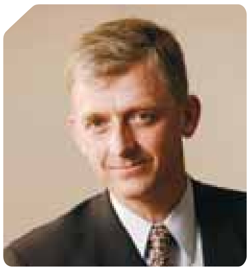
Companies have responded by having their own numerous websites and trying to maintain a consistent product message. Research however is showing that perhaps they are missing many opportunities to learn more about their products and consumers by clinging to a paradigm that suggests they must control the marketing message. If Ford and Firestone had been more attuned to the electronic 'back fence chats' that is on certain blog sites, they might have picked up on their tyre problem long before it escalated. (It was evidently discussed on websites many years before the public fiasco). Perhaps a key strength of regional brands is how well they listen and perhaps many more companies might contemplate how well attuned they are to the gossip. Certainly we are looking at how to become more receptive to the messages and how they might impact on our investment behaviour.

OUTLOOK

We have previously noted that the Fund's exposure to emerging markets will, at times, introduce a higher degree of volatility in the performance returns. Through this quarter the Indian market has shown some declines and volatility and this may well continue. Undue influence by other global markets, including the currency markets, might have a short term adverse effect. Our short positions may only partially mitigate any significant declines in the global markets.

Rises in interest rates has put paid to the stimulatory effect of refinancing mortgages to increase consumption, rising oil and commodity prices are an additional tax, and there seems to be little memory of the times when consumers' mortgages could exceed the falling value of their homes. We continue to be concerned that many stock valuations remain stubbornly high particularly in the US market and that the prospects for a debt laden consumer are being too optimistically portrayed. If we have a current preference it is to look to Europe and Japan for new ideas.

PLATINUM INTERNATIONAL HEALTH CARE FUND



Simon Trevett
Portfolio Manager

PERFORMANCE

The Platinum International Health Care Fund has had a disappointing quarter losing 14.7% in value, significantly underperforming the MSCI World Health Care Index. The Fund has a large exposure to US biotechnology companies, much more than is represented in the MSCI index. These stocks, with few exceptions, have been in a downtrend throughout the quarter as evidenced by the Nasdaq Biotechnology Index, down 14% for the quarter.

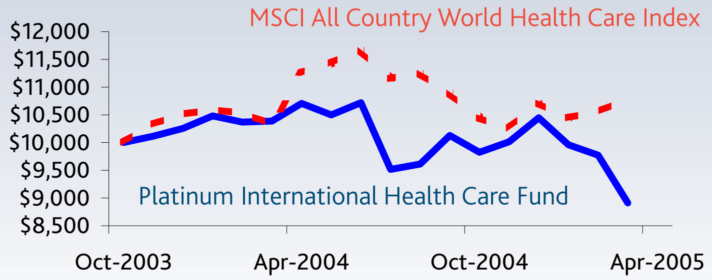
The news has been quite mixed with positive news from Genentech on progress of their drug Avastin in lung cancer, having already shown good results in colon cancer. We have yet to see the clinical trial data, which should be published at the major forthcoming oncology conference, but that hasn't deterred the enthusiasm. It's an interesting thought that investors have been prepared to add more than $10 billion to Genentech's market capitalisation for the additional indication of a drug that might extend the survival of a proportion of patients by perhaps a couple of months. (The Fund has an investment in the Swiss company Roche, which owns more than half of Genentech and has rights to the products outside of the US).

DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
NORTH AMERICA	57%	59%
EUROPE	26%	22%
JAPAN	2%	1%
OTHER ASIA (INCL KOREA)	2%	2%
CASH	13%	16%
SHORTS	0%	0%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 31 MARCH 2005



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

By contrast we could invest in many other companies whose total market capitalisation is substantially less than the $10 billion and where their potential revenues could be greater than that of Avastin in lung cancer patients. Simplistic analysis? Certainly, but illustrative of the current concern of investors to avoid companies where the risk profile is high and the need to increase spending on uncertain clinical trials is evident. Genentech and Avastin provide some certainty and comfort and surely Avastin will continue to make progress in the ongoing clinical trials and find widespread adoption!

Investors had similarly high expectations for a drug called Tysabri for Multiple Sclerosis. Tysabri is a new class of drug which had garnered much attention and been approved rapidly by the regulatory authorities. Unfortunately, within weeks of being on the market the drug had to be withdrawn due to unanticipated effects, causing the death of two patients. Biogen Idec's stock has fallen over 40% as investors have learnt, yet again following the Vioxx withdrawal last year, that drugs can show undetermined side effects when they enter usage in a wider population than the carefully controlled clinical trials. Clearly wider concerns have been raised about the regulatory approval processes and an increased focus on patient safety.

The biotechnology sector continues to be considered out of favour with a commonly held view that it should remain that way until much later in the year. Whether or not that is the case remains to be seen and in part will be influenced by the risk appetite of investors and the performance of other areas, such as emerging markets or the energy sector. We would remind investors that this Fund will be volatile in performance and that we adopt an investment horizon well beyond the quarter.

CHANGES TO THE PORTFOLIO

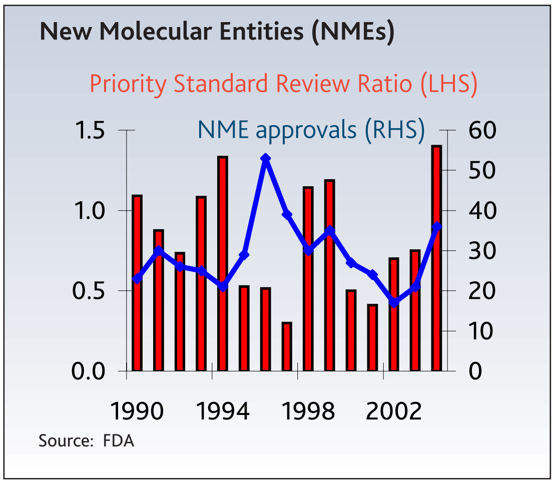
We have been judiciously adding to our biotechnology investments, with their overall weighting falling as the stocks decline faster than we have been prepared to add. We have also been introducing investments outside of the biotechnology drug developers, in areas such as devices for vertebrae repair and the service industry for clinical trials.

On a geographic basis we added slightly to Japan and Europe whilst only marginally reducing our weighting to the US.

COMMENTARY

Lack of innovation at the big pharmaceutical companies has been a well discussed theme and the debate is ongoing as to who is most to blame, the bureaucratic FDA or the drug development companies themselves. Taking a closer look at drug approvals in recent years reveals an interesting and encouraging trend. Despite the negative sentiment currently, pharmaceutical and biotechnology companies have been very active as last year's FDA approval numbers highlight.

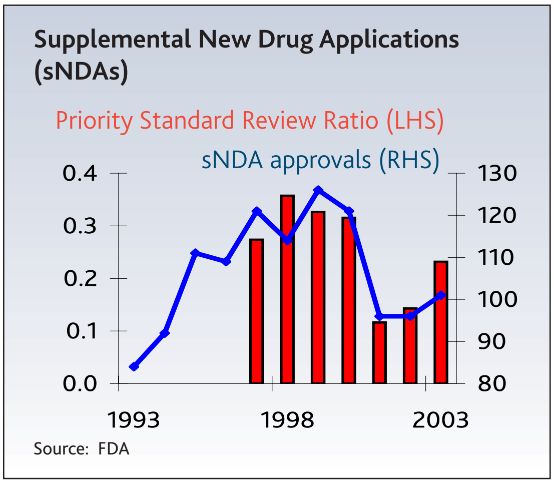
Most important is the number of New Molecular Entities (NMEs), as these drugs represent compounds that have never previously been marketed in the US. In recent years the number of NMEs being submitted to the FDA has been decreasing, raising concerns about innovation at pharmaceutical companies. However, last year has given reason to be optimistic; a total of 36 NMEs were approved, as well as the first gene array for molecular diagnostics has been made commercially available. Compared to 21 NMEs in 2003 this is a significant increase. In addition, many of these new drugs are truly innovative and significantly improve the way certain diseases are being treated. This "quality rather than speed" mentality has been a trend in recent years when assessing innovation at drug development companies.



Quantifying quality and innovation is a difficult task and has to consider a number of variables in drug development as well as changes over time. Looking at granted patents for example (1982-2000) shows that pharmaceutical companies have neglected basic/discovery research with the majority of patents coming from sources other than pharmaceutical companies (>80%). R&D spending (% of net sales) also highlights this trend, with R&D expenses rising from the late 70s to the mid-90s with gradually more money being allocated to clinical development and drug life cycle management at the expense of original research.

As a consequence, discovery and pre-clinical development fell behind and most likely caused some of the current pipeline debacle. However, over the past five years a clear shift towards early discovery has become apparent and discovery engines of companies have been a major focus, while R&D expenditure has been more or less stable. In addition, pre-clinical pipelines are being filled and slowly progressing into clinical development with the initial efficacy testing in phase 2 still being the major hurdle. Finding a solution to this road block is a priority but the increasing complexity of treatments, together with a heightened focus on safety, means we will continue to see many failures at this hurdle.

However, more interesting and probably more indicative for innovation is the type of drug approval by the FDA. The FDA differentiates between NMEs, as opposed to non-NMEs or sNDAs (Supplemental New Drug Applications - "me-too" or new formulations of already available drugs). To make it more complex, the FDA can grant Priority-Review status if it feels that the drug is adding a significant improvement to currently available drugs/diagnostics and thus patients should have access faster (within six months of the application versus 12 months). This means an NME that qualified for priority review is truly innovative according to the FDA. Over the last 10-15 years the FDA offers public access to its statistics and classifying the approved drugs accordingly offers some positive trends. Despite the overall number of NME applications decreasing in recent years (1995-2003: 50 to 24) the number of approved NMEs as well as the number of NMEs with priority review designation have continuously increased since 2000. This is positive and may imply that the drug development capabilities have been aligned and focus on quality rather than quantity (at least the FDA thinks so!).



Similar is the situation for sNDAs, a task big pharmaceutical companies have optimised in the last ten years. Since 1995, sNDA filings have increased significantly but declined from 2000 onwards; indicating that finding a new application for a drug is getting trickier, or the commercial return less attractive. A positive though is the increase in priority review of these sNDAs; again a sign that companies are trying to differentiate their products in crowded and competitive fields.

Taken together, this analysis offers a more exciting and refreshing look at drug innovation. Looking ahead it is now a matter of getting the large amount of pre-clinical compounds into the clinic while maintaining a constant flow of new ones entering the pre-clinical stage. Indications of this trend are visible and the close association between pharmaceutical, biotech and academic institutions will soon deliver new treatment options. New technologies, such as gene chip arrays and molecular markers, are slowly finding a place in late stage development and hopefully ease the phase 2 road block in due course.

OUTLOOK

It can be easy to become overly pessimistic about the biotechnology sector and to be concerned as to the volatility and daily performance. These companies are currently out of favour for a variety of reasons and predicting the timing of a turning point is not realistic. We can however be reasonably confident that both basic science and drug development are advancing daily and that investor interest will return, as it always does.

We suspect that at current valuations we are going to see some acquisition interest develop, again predicting at what point the industry decides mergers or acquisitions are beneficial is impossible. However, at these depressed and declining valuations it is perhaps inevitable that those with strong balance sheets and weak pipelines look to buy rather than build.

Simon Trevett and Bianca Elzinger

PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi
Portfolio Manager

PERFORMANCE

The first quarter of 2005 was a period of negative performance for technology shares after a relatively strong phase from August to December 2004. With the start of the new year, investors' focus turned to American consumers' propensity to spend, given the background of increasing interest rates and the rising oil price.

During the quarter the Philadelphia Semiconductor Index (SOX), representing most US semiconductor companies, was down 3% and the broader Nasdaq Composite Index fell 8.1%, the worst quarterly performance since September 2002. The MSCI World Information Technology Index (in A$ terms) declined by 4.9% and the MSCI Telecommunications Index (A$) lost 4.7%. Within technology, the worst performing sectors were software (-9%) and communications equipment (-7%).

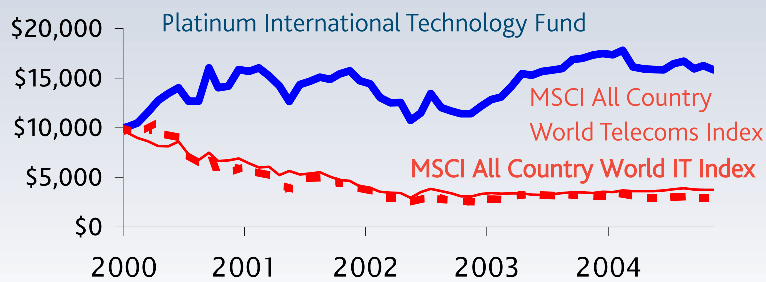
The Fund's performance was -5.1% for the quarter, with the largest losses experienced by our semiconductor and telecom equipment stocks in North America and Europe. A good recovery from our Hong Kong, Korean and Japanese stocks and a small contribution from our short positions, only partially offset the negative performance.

DISPOSITION OF ASSETS

REGION	MAR 2005	DEC 2004
OTHER ASIA (INCL KOREA)	28%	26%
JAPAN	22%	19%
NORTH AMERICA	20%	22%
EUROPE	15%	13%
CASH	15%	20%
SHORTS	5%	5%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 MARCH 2005



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

CHANGES TO THE PORTFOLIO

In Indonesia new mobile communication licenses are being offered to new entrants and foreign telecom operators. We believe this will make the telecom market more competitive and more challenging for the incumbent. Therefore we decided to divest our Telecom Indonesia holding after its strong performance (+100% since our first investment in 2003).

We increased our exposure to Japan (22%) and other Asian countries (28%) while reducing our weight in North American stocks (down to 20%). We believe that the market is still paying unjustified premiums for many US technology stocks, particularly when we consider the potentially disruptive competitive forces emerging from China and India, and the renewed strength of Japanese *keiretsu* after years of restructuring. We tend to find more interesting opportunities outside the US and this is reflected in the portfolio composition: six out of the top ten stocks are Asian.

COMMENTARY

THE AGE OF DIGITAL INFORMATION

From Morse Code ...

"In May 1848, ten men representing six highly competitive New York newspapers met to discuss pooling resources to collect the latest news from Europe. The newspapers at that time competed by sending reports out in rowboats to meet the ships as they arrived in New York harbour. Competition had grown fierce and too expensive - the time for a news cooperative had come. It was named the Associated Press (AP).

The Associated Press cooperative was effective. Its roots quickly spread, from one correspondent in Halifax, Nova Scotia, to correspondents in the United States in Boston, Philadelphia, Washington and later to the Midwest. Using the telegraph and the language of dots and dashes known as Morse Code, the AP grew, and in 1875 became the first news organization to secure a leased telegraph wire. By the end of the century, the AP stood poised to become the largest newsgathering organization in the world during its next fifty years."

The Associated press - The First 50 years (1848-1898)

(Source: "An Update from the Digital World "- Morgan Stanley October 2004)

Back in 1848 getting news/information from the other side of the world was not very easy, and availability of information was still constrained by the delivery medium. In those days, competitive advantage might well be hiring the best rowers in town!

The invention of the telegraph and the adoption of the Morse Code were major breakthroughs towards a world of faster communications. (Morse Code itself is an early form of digital communication; however, unlike modern binary digital codes that use just two states - commonly represented as 1 and 0 - it uses five: dot, dash, short gap, medium gap, and long gap.)

Today, ten years after the launch of Netscape (the first Internet browser, officially released in late 1994) everybody agrees how important the advent of the Internet has been in transforming the way we access information. Physical distance is no longer a constraint to accessing multiple sources of content. We can now send a message or receive live news, download images, music and videos literally at a click of the mouse. Space and time barriers have been broken down.

Billions of dollars are being spent across the globe to lay fibre optic cables reaching individual homes and providing access to even more information, data and entertainment. The delivery medium is no longer constraining distribution of information. Certainly the opposite is true: we have probably reached the point of information overload.

... to search engines ...

When I first started navigating the Internet I remember my futile attempts at typing words in the address line of the Internet browser in the hope of hitting the right target; a frustrating experience. A first step to facilitate searching on the Internet came from the Web Directories; the most successful of which is probably Yahoo. Web Directories are privately maintained and refer to other websites, generally grouping links by categories (News, Sports, Travel, Weather etc). While useful in clustering content around categories, Web Directories initially maintained a "walled garden" character and they lacked open functionality. Luckily search engines finally came to the rescue with their ability to scout the entire Internet for specific content.

A search engine is essentially a software program searching the World Wide Web. It allows one to ask for information meeting specific criteria (generally by input of key words or sentences) and it retrieves sites matching those criteria.

The most successful search engine in recent times has been Google. It owes its success mostly to its characteristically no-frills website interface and to the very clever idea of searching according to the criteria of link popularity and page rank. Google calculates how many websites and web pages link to a single page and it ranks them accordingly, on the assumption that a good page is generally linked to many other websites.

From the humble start of two Stanford University students in their dorm room, Google has grown into a sophisticated money machine, whose main revenues derive from selling advertising by keywords. The ads are generally simple text without images or pop-ups, to keep the website clean and faster to download. Google gets paid every time one clicks on one of those "sponsored" links on the right side of the page. Its business is growing exponentially with revenues flying at +120% year-on-year. Recognising the importance of mastering search, Yahoo also acquired specialised software programs to improve their search functionality and it is now second to Google in terms of market share. Together Google and Yahoo handle on average two thirds of all searches on the Internet.

The ability to search for information/goods/services in the ocean of the Internet makes Google and Yahoo ideal windows for any advertiser wanting to capture potential customers among an audience of millions. However, it is not yet a perfect model, and internet search results often deliver diluted outcomes (try typing "car sale Sydney" into Google and you will be confronted with 750,000 links!).

Whatever the accuracy of Google/Yahoo searches, Internet advertising is growing at phenomenal rates. In the US, online advertising is now worth nearly $10 billion and is growing 36% year-on-year. While still a relatively small portion of the total advertising market (4% of total), its increasing importance cannot be ignored.

... to blogs (or Weblogs) ...

What is a blog? The name comes from the blend of the words "Web" and "log". Here is a definition from website www.blogger.com (an entity owned by Google helping individual "bloggers" to set up and manage their own blogs.)

"A blog is a personal diary. A daily pulpit. A collaborative space. A political soapbox. A breaking-news outlet. A collection of links. Your own private thoughts. Memos to the world. Your blog is whatever you want it to be. There are millions of them, in all shapes and sizes, and there are no real rules.

In simple terms, a blog is a website, where you write stuff on an ongoing basis. New stuff shows up at the top, so your visitors can read what's new. Then they comment on it or link to it or email you. Or not. "

Blogs run from individual diaries to arms of political campaigns, media programs and from the occasional author to large communities of writers. Many weblogs enable visitors to leave public comments, leading to a community of readers focused around the same issue; others are non-interactive. The totality of weblogs or blog-related websites is usually called the "blogosphere". When a large amount of activity, information and opinion is published about a particular subject or controversy in the blogosphere, it is commonly called a "blogstorm" or "blog swarm".

According to blog search engine Technorati (www.technorati.com) 23,000 blogs are created each day. Web logs are generating such an enormous following that it is becoming difficult to ignore them. Most recent research shows that 7% of the 120 million US adults using the Internet say they have created a blog (that is more than 8 million people!) Moreover 27% of Internet users say they read blogs.

Blog advertising is emerging as a completely new area and it has the advantage of targeting specific communities with tailored messages at what is generally a reasonable cost. Bloggers can sell ads and provide income to support their hobby or even helps them make a living. According to Blogads.com (an advertising agency for blogs), the most expensive placement on their menu costs $3,000 and it will buy you a week on the top slot of a blog, read daily by 400,000 committed participants. It is the ultimate word-of-mouth marketing channel.

Quoting Bill Gates: *"As blogging software becomes easier to use, the boundaries between, say, writing e-mail and writing a blog will start to blur. This will fundamentally change how we document our lives."* (Microsoft has quickly recognised the importance of these new forums and launched www.Space.MSN.com, an online service helping people to set up and maintain blogs.)

... back to newsgathering.

The proliferation of blogs has the potential of fostering freedom of information and creating thousands of new "publishers" every day. While access to varied sources of news and information can only be welcomed, some of the incumbent news/content providers could suddenly face a new kind of competition. Quite often bloggers have been first to post news and images on the web in case of news breakthroughs (more recently the Tsunami disaster). Blogs that host music and video are emerging everywhere and many people have started to blog text and photo from their mobile phones.

Will the dominant role of newspapers, TV networks and News Agencies be put into question? We believe that ease of use and access will always be worth a premium to the audience. As a result some forms of aggregation/news gathering will eventually be necessary to achieve the holy grail of "personalised information". Technology may be able to help.

A recently developed software language called Really Simple Syndication (RSS) is being increasingly used by major news organisations, after several years of use by weblogs and other early adopters. How does it work?

RSS is an open standard protocol (language) not owned by anybody that allow bloggers to syndicate the articles on their sites. Once a blog is "RSS-enabled" it can broadcast feeds of article headlines with embedded links to its content. Bloggers would want maximum audience for their efforts and they will try to attract as many users as possible to their blogs.

On the other side, users who want to receive news from websites and blogs can use an RSS feed containing headlines and hyperlinks to longer articles or Web pages, without having to regularly check all the individual websites. RSS feeds can create dynamically updated links to dozens of favourite websites.

While RSS is still in its infancy and predominantly text-based, imagine the potential of linking images, audio and video!

The new role of "RSS aggregator" is quickly emerging and the new task will be to "serve information" as opposed to simply "search information". While new start-ups like NewsGator and Bloglines are all fighting for a spot on your screen, we believe the usual suspects (Microsoft, Google and Yahoo) will eventually capture most of the new opportunities.

OUTLOOK

Six months ago we predicted a difficult period for technology stocks in the event that the oil price was to rise above $50, due to the negative impact on consumer confidence. The oil price is currently at around $55 and it seems that after a reasonably good Christmas season, consumer spending in the US may be slowing down.

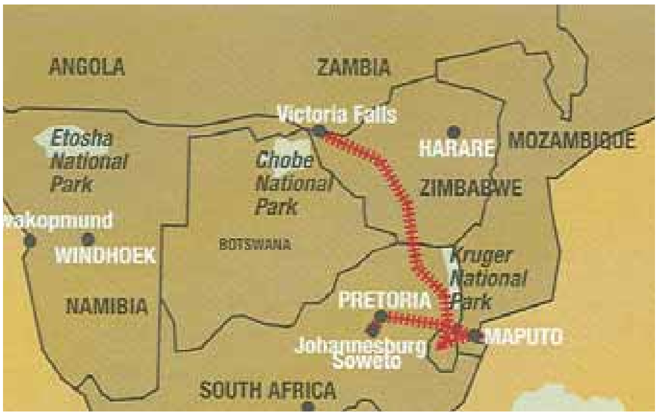
Moreover, the determination of the US Federal Reserve to fight the first signs of inflation has prompted several rises in interest rates likely to further soften consumers' appetite for borrowing.

On the positive side, most PC and electronics goods assemblers now appear to have reduced the excess components' inventories accumulated over the last six to nine months. While some areas like memory chips are still characterised by weak demand, others like hard disk drives and semiconductors for telecommunications showed encouraging signs of recovery.

Profitability of technology companies is back at high levels and corporate balance sheets are rich with cash. However, the catalyst for renewed growth will now have to come from increased spending on corporate IT.

THE SHONGOLOLO EXPRESS

(MEANING "MILLIPEDE" IN ZULU)



If you like wild life (not a wild life), enjoy viewing the passing countryside, visiting tribal villages and markets, are not in a particular hurry, prefer not having to lug your baggage around while covering considerable distances, can handle confined spaces and are gregarious, this may be a trip for you.

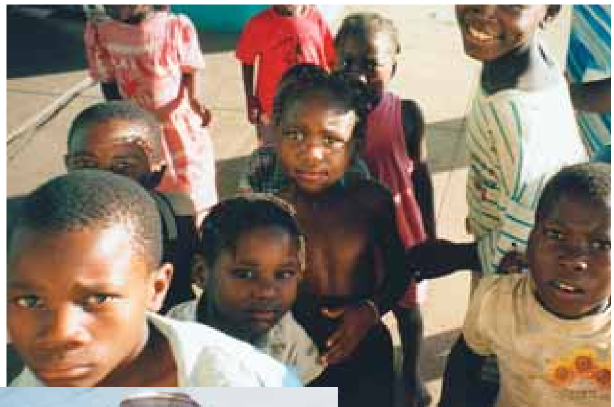
The concept is to visit the neighbouring countries of southern Africa by means of modestly upgraded carriages that date from the 1950s. It is not really a train buffs delight because although there is a hand-over to a different engine at each border, all traction is diesel electric. The train comprises some eight passenger carriages of graduating comfort, several common saloons plus a kitchen and other utilities, as well as three flat-bed wagons. The latter are constantly in use as they carry the fleet of six tourist buses which serve as our shuttle (some sixty six travellers) at each stop.

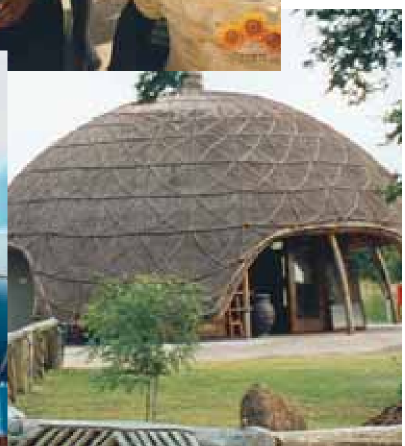
The tour begins just outside Johannesburg on the highveld and then travels through the magnificent Swazi countryside down to the coast to Maputo in Mozambique - then back to South Africa (SA) through the lowveld, spending two days in the Kruger National Park then over the spectacular Soutspanberg and across the great greasy Limpopo at Beit bridge and into Zimbabwe. Stopping at the Zimbabwe ruins, dating from the 15th century, and then Hwange Game Reserve, we finally arrive at Victoria Falls. This serves as a useful base from where we bus to Zambia and the Chobe game reserve in Botswana. Apart from the stops mentioned, one embuses to visit various places, some interesting and unforgettable; some dull. The itinerary is a good compromise and the driver/guides enliven the journeys with local knowledge and spice.

There are also options such as over-night stays at game farms and once at Victoria Falls you can try bungie jumping from the bridge (100 metres), elephant rides, micro light flights and fast water rafting.

The contrast between SA and the other countries visited is stark. While SA is grappling with the full implications of representative government and fairer income distribution, the others are seemingly nonchalantly heading back to the bush. Poverty and AIDS are endemic. The loss of revenues, the consequence of earlier wars and current high-handed incompetence, mean too little money is going into basic services and education to arrest the vicious circle of deprivation. Tourism can provide some alleviation and from the welcome we received everywhere, this seems to be well understood.

On account of decay, there is not much to see of interest in the cities visited. Grand structures, remnants of the now faded colonial era spark some enquiry but mostly from their sense of an imposed order against a backdrop of sun-drenched inertia. I was particularly enchanted by the sight of endless telephone poles snaking alongside the track *sans* copper wire. Presumably the precious metal is finding a welcome use in curios or as binding material. I particularly enjoyed a visit to the railway museum in Livingston where we found several steam locomotives built by my family in Glasgow in the late 1800s, some apparently still in use well into the 1960s.





The country-side is highly varied from wide open savannah to forests and massive gorges and mountainous terrain. The rural settlements also vary a lot. In SA, the structures are increasingly taking on a Western look of corrugated iron on rectangular brick structures rather than the traditional (and far more attractive) mud brick or wood and mud thatched round houses of an earlier period. (In those days a young man was expected to wander off and build a fresh structure for his new wife, rather than hanging around in the family kraal, hence the sighting of many deserted old thatched *rondavels*.) Agricultural practices are also very different with the intensive irrigated fields and fruit orchards in SA contrasting with sporadic and drought emaciated maize fields prevalent elsewhere.

Sadly SA is not the Garden of Eden in the African wilderness. A trip to downtown Johannesburg is reminiscent of old Lima in Peru. Once elegant broad streets now play host to vendors of all description: instant curb-side exhaust repairers, tailors, fruit vendors and barbers all jostle for trade. The art gallery which is exhibiting one of the country's most celebrated indigenous artists, Dumile Feni, is clearly suffering from much diminished patronage. (The artefacts kiosk was unable to cope with small change and certainly never a receipt.) Like Lima, the city is gradually creeping away from its original centre, trying to escape! As one drives north, former exclusive suburbs with their very considerable mansions, are increasingly being used for office accommodation behind three metre walls topped with electrified embellishments. Roads, some the product of military minds in the apartheid era, are still superb (certainly by Sydney standards) and carry one out past security clustered colonies in a vast sprawl. (One terrific innovation is the camouflaging of mobile towers as palm trees, see photo on right). Security is an ever present issue and locking, barring and electrifying must now be a national competitive advantage. It is very rare to find a middle class home that is not wired for direct response and invariably to ADT (a Tyco subsidiary). For all this we never felt threatened or particularly concerned as we travelled around on foot or by vehicle.

In terms of its economic future, I could not be as optimistic as some of the locals we met. The economy has been well managed to date and of course, like Australia, is benefiting from the commodity boom. However, productivity and unemployment are the longer term issues that will haunt southern Africa. It does not seem possible to enhance living standards in line with expectations and likely frustration and impatience will test even the steadiest leadership. While improving wealth distribution, the job and ownership empowerment movement also creates serious productivity issues, never mind unhelpful behavioural traits of entitlement. Thus from an investment view point, SA has plenty of risks. The neighbouring countries are far weaker but perversely, their relative backwardness may be their advantage. They too are endowed with great mineral and agricultural wealth and now need inspired leadership.

Some will love the uncrowded experience of Africa with its vast cathedral skies and plentiful wilderness, on a game safari or perhaps a broader organised tour. As far as we could judge, this was as good a time to do it as any.

<ins>Kerr Neilson</ins>

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.

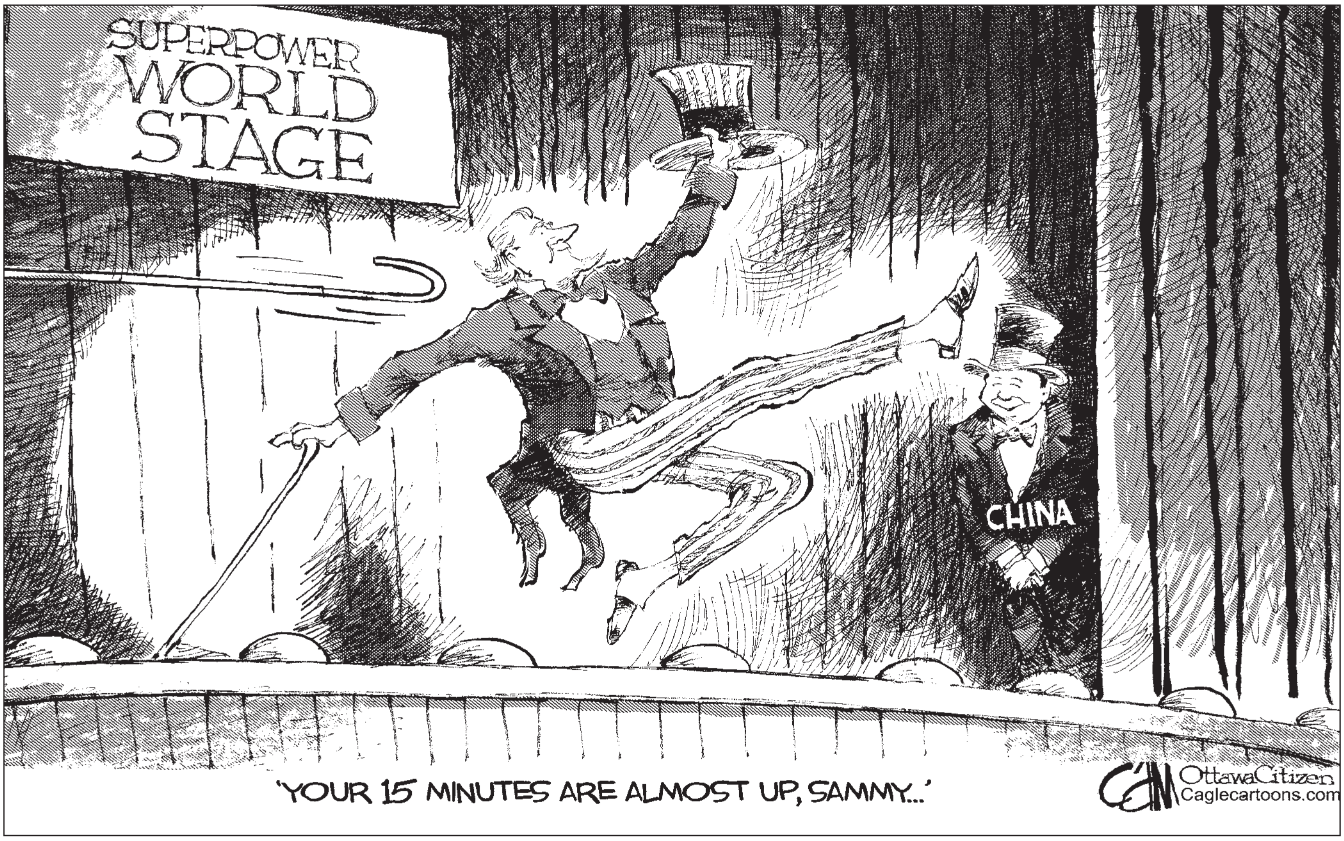
Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds). The Platinum Trust Product Disclosure Statement No. 5 and its Supplementary (PDS), is the current offer document for the Funds. You can obtain a copy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

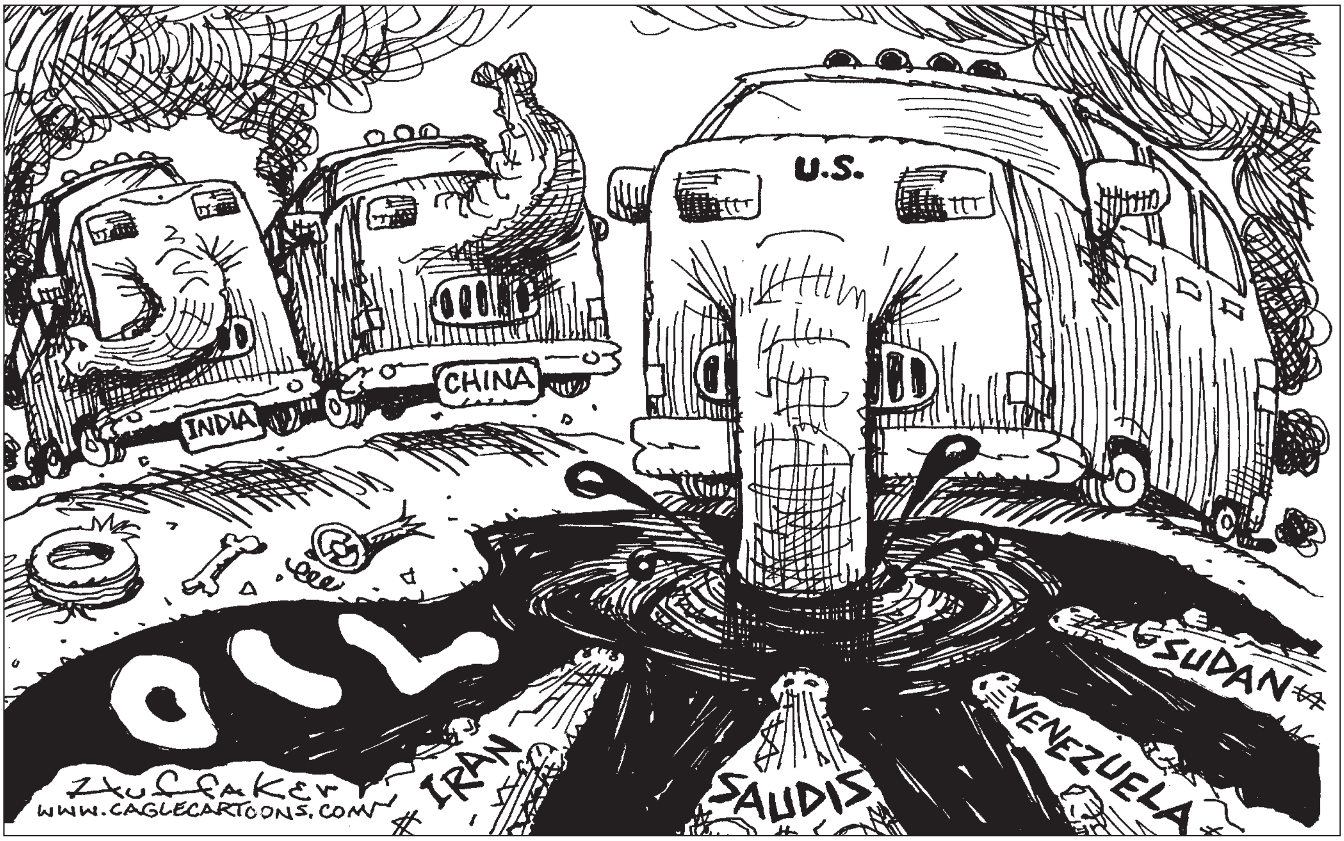
DISCLAIMER: The information in this Quarterly Report is not intended to provide advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial 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.

HEART ATTACK.
DUE TO VIOXX.
I DIDN'T KNOW
THAT HE TOOK VIOXX.
HE DIDN'T,
HE OWNED
1,000 SHARES
OF MERCK.
NEWS
MERCK
SHARES
PLUMMET
ON VIOXX
NEWS!

©2005 FLORIDA TODAY
caglecartoons.com
JEFF PARKER
I USED TO BE SOMEBODY...
THE ENVY OF ECONOMIES
WORLDWIDE... EVERYBODY ALL
OVER THE GLOBE WAS ALWAYS
GLAD TO SEE ME, BUT NOW...
I HEAR YA,
BROTHER...
SAY, COULD YA
SPARE A EURO?
FEDERAL RESERVE NOTE
THE UNITED STATES OF AMERICA
ONE DOLLAR

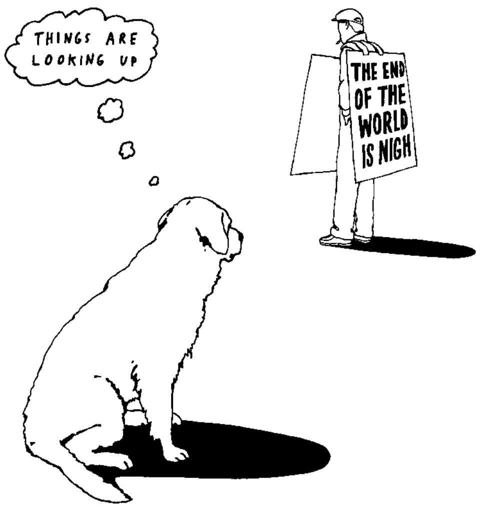


SUPERPOWER WORLD STAGE
CHINA
'YOUR 15 MINUTES ARE ALMOST UP, SAMMY...'
OttawaCitizen
Caglecartoons.com



U.S.
INDIA
CHINA
OIL
IRAN
SAUDIS
VENEZUELA
SUDAN
Huffaker
WWW.CAGLECARTOONS.COM

CURIOUS INVESTOR BEHAVIOUR No. 3



Loss aversion:

According to empirical evidence, the pain of losing $100 is felt more than twice as much as the pleasure of gaining the same amount (Kahneman and Tversky, 1992).

Sadly, this irrational approach is evident in the stockmarket. Many investors keep hanging on to losing stocks in the hope that, some day, somehow, they will bounce back. Such is the distaste for loss that it causes a mental freeze which renders people incapable of sound judgement.

Loss aversion is a common condition. Think about it – facing a loss, do you sometimes freeze and refuse to acknowledge reality?

Platinum ASSET MANAGEMENT®

www.platinum.com.au | 1300 726 700

PA05CM03A

CURIOUS INVESTOR BEHAVIOUR No. 4

Hindsight bias:

The mind seems to retain information in a series of compressed narratives, and to update "history" as new facts come to light.

While efficient in managing memory, this innate habit of hindsight bias can prevent us adequately learning from experience, and is thus most unhelpful to the task of investment.

Most of us can't help ourselves – do you ever find yourself wiser after the event?

Platinum ASSET MANAGEMENT®

www.platinum.com.au | 1300 726 700

PA05CM04A

Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

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$14 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.

INVESTOR SERVICES NUMBERS

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

(for the price of a local call anywhere in Australia)

0800 700 726

(New Zealand only)

OR VISIT US IN SYDNEY'S HISTORIC ROCKS AREA

Level 4, 55 Harrington Street, Sydney.

* Please refer to page 2.

Platinum
ASSET MANAGEMENT®

Level 4, 55 Harrington Street
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

Telephone: 1300 726 700 or 02 9255 7500
0800 700 726 (New Zealand only)
Facsimile: 02 9254 5590
Email: invest@platinum.com.au
Website: www.platinum.com.au