The Platinum Trust® Quarterly Report

31 March 2006

Platinum International Fund
ARSN 089 528 307

Platinum Asia Fund
ARSN 104 043 110

Platinum European Fund
ARSN 089 528 594

Platinum Japan Fund
ARSN 089 528 825

Platinum International Brands Fund
ARSN 092 429 813

Platinum International Health Care Fund
ARSN 107 023 530

Platinum International Technology Fund
ARSN 092 429 555

Platinum® ASSET MANAGEMENT

Front cover photograph: Corbis.

CONTENTS

Experts ...

We recognise that our greatest untapped resource is our readers. As an industry expert, we would welcome your comments and ideas.

Do email us at:
commentary@platinum.com.au

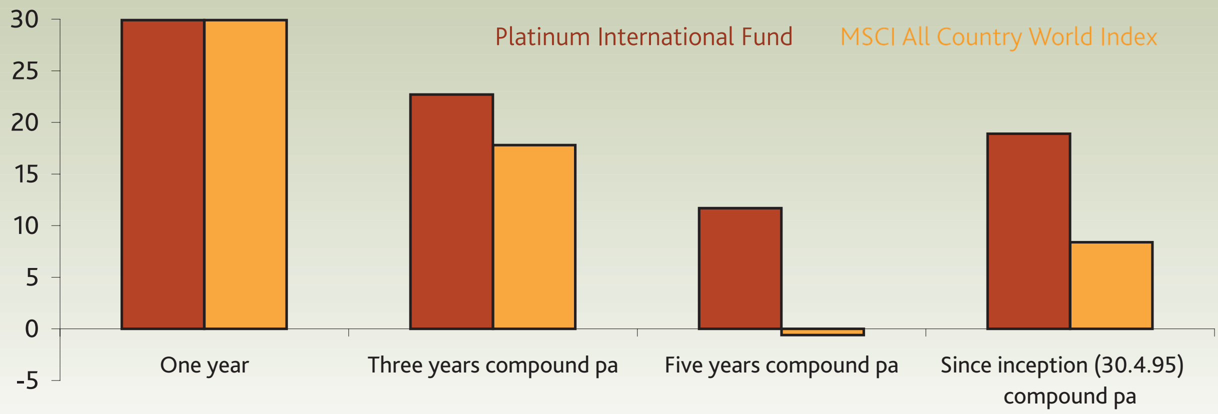
PERFORMANCE RETURNS TO 31 MARCH 2006

FUND	FUND SIZE	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA
INTERNATIONAL FUND	**$8,509m**	**8.1%**	**29.9%**	**16.1%**	**22.7%**	**11.7%**	**18.9%**
MSCI AC* WORLD INDEX		10.1%	29.9%	19.2%	17.8%	-0.6%	8.4%
ASIA FUND	**$1,806m**	**15.7%**	**48.7%**	**40.8%**	**43.7%**	**-**	**42.6%**
MSCI AC ASIA EX JAPAN INDEX		12.4%	43.4%	25.1%	28.5%	-	26.2%
EUROPEAN FUND	**$297m**	**16.7%**	**31.0%**	**21.0%**	**28.8%**	**11.3%**	**17.9%**
MSCI AC EUROPE INDEX		14.1%	31.9%	25.2%	24.2%	1.9%	2.4%
JAPAN FUND	**$1,056m**	**4.7%**	**43.3%**	**25.2%**	**33.1%**	**15.1%**	**26.3%**
MSCI JAPAN INDEX		9.9%	48.9%	20.2%	24.7%	0.0%	4.9%
INTERNATIONAL BRANDS FUND	**$498m**	**11.7%**	**41.6%**	**33.0%**	**30.4%**	**19.6%**	**20.5%**
MSCI AC WORLD INDEX		10.1%	29.9%	19.2%	17.8%	-0.6%	-1.8%
INTERNATIONAL HEALTH CARE FUND	**$25m**	**20.7%**	**47.7%**	**12.6%**	**-**	**-**	**12.0%**
MSCI AC WORLD HEALTH CARE INDEX		6.1%	23.2%	13.4%	-	-	12.5%
INTERNATIONAL TECHNOLOGY FUND	**$62m**	**12.4%**	**34.1%**	**10.8%**	**23.0%**	**8.4%**	**13.7%**
MSCI AC WORLD IT INDEX		7.6%	29.1%	10.0%	13.9%	-6.8%	-15.3%

*Morgan Stanley Capital International All Country

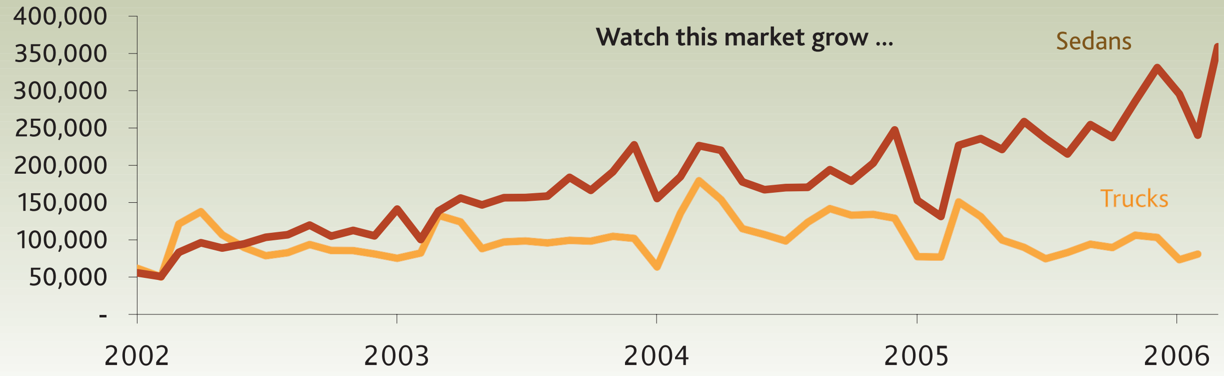
Source: Platinum and Factset. Refer to Note 1, page 40.

PLATINUM INTERNATIONAL FUND VERSUS MSCI WORLD INDEX TO 31 MARCH 2006



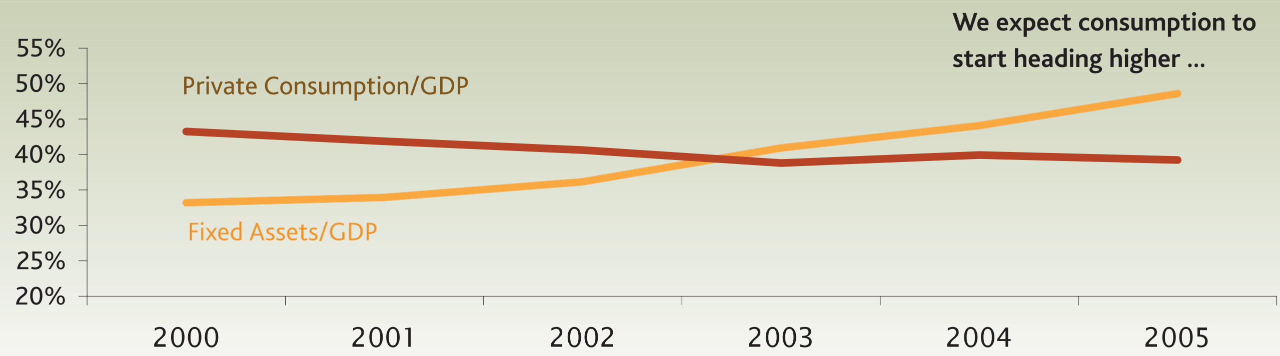
Source: Platinum and Factset. Refer to Note 1, page 40.

CHINESE SEDAN AND TRUCK SALES (PER MONTH)



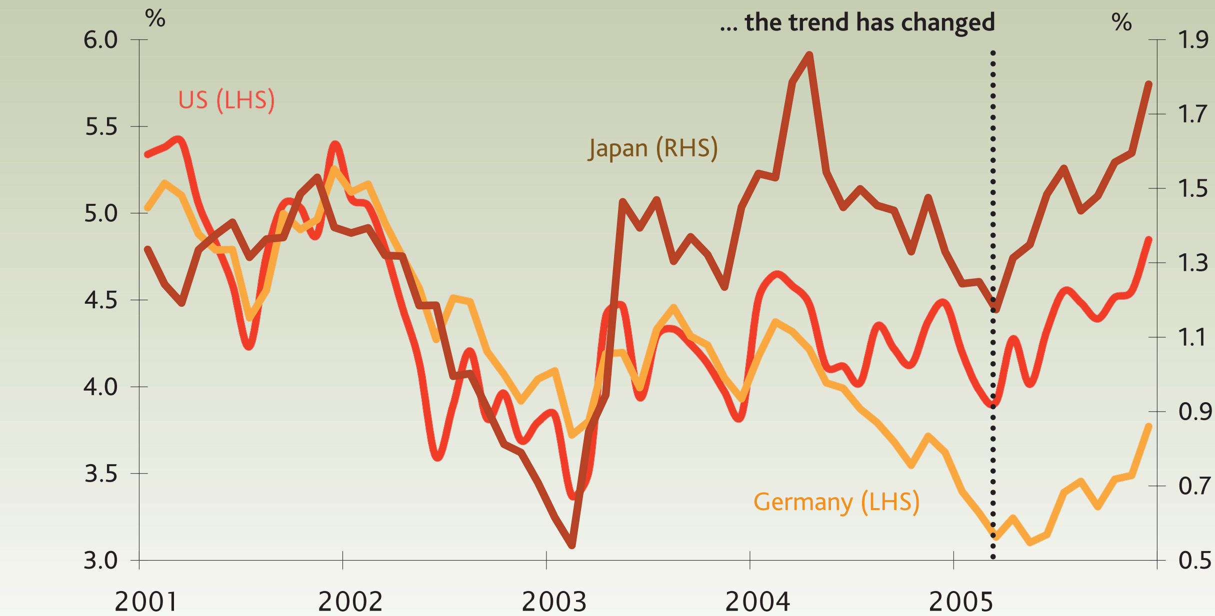
Source: China Automobile Market Statistics

CHINESE FIXED ASSET INVESTMENT AND PRIVATE CONSUMPTION AS A % OF GDP



Source: CEIC Data Company Limited, Citigroup Calculations

US, JAPAN AND GERMANY - TEN YEAR BOND YIELDS



Source: Bloomberg

PLATINUM INTERNATIONAL FUND

Kerr Neilson
Managing Director

PERFORMANCE

The strong momentum seen in markets late last year continued into the first quarter. This was all the more impressive when evaluated against a backdrop of high and rising oil and other raw material input costs, and rising interest rates. These burdens were evidently offset by the belief that the gathering pace of growth in Japan, Asia and Europe reduces the world's dependence on US growth.

Again it was the emerging markets that led the field with the BRICs (Brazil, Russia, India and China) each up by between 13% to 20% in local currency. The developed western markets rose by 3% to 6% while the relatively weak performers were Thailand, Malaysia, Taiwan and Korea which barely moved in the three months to March. As the A$ was generally weak, these moves translated into an extra 3% to 5% on returns when translated into A$.

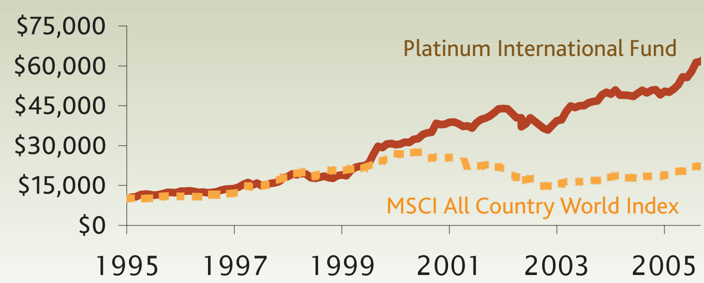
The Fund managed to almost match the MSCI over the last three and 12 months, notwithstanding having an average net long exposure of around 60%. Helping this performance was gathering enthusiasm for some of our large somnolent holdings that were bought over the previous 14 to 20 months; stocks like Alcatel, News Corp, Credit Agricole and Samsung Corp. Some of those bought more recently were also very agreeable with rises of around 50% within six months; purchases like Canon, Nintendo and Mitsubishi Heavy Industries (MHI). Clearly there were offsets too, including having a 25% exposure to the A$ which was weak against most comers in the last three months. Though our target is to outperform the MSCI by a considerable margin over time, we are relatively satisfied with matching it over the last 12 months, given our less than full exposure to general market risk. Over the period the Fund rose by 29.9%, versus the MSCI's 29.9%.

MSCI WORLD INDEX INDUSTRY PERFORMANCE (AUD)

SECTOR	QUARTER	1 YEAR
MATERIALS	16%	44%
ENERGY	13%	39%
INDUSTRIALS	12%	32%
FINANCIALS	11%	36%
UTILITIES	9%	29%
CONSUMER DISCRETIONARY	9%	22%
TELECOMMUNICATIONS	9%	14%
INFORMATION TECHNOLOGY	8%	29%
CONSUMER STAPLES	7%	19%
HEALTH CARE	6%	23%

Source: Factset

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 MAY 1995 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

CURRENCY

As noted above, this was a quarter to have no exposure to the A$, which skidded by between 2.7% and 4.8% against the US$, the yen and the euro. Late in the period, as the dynamic hedgers swung into action we chose to increase our A$ holdings to around 30%, taking the view that, despite our high external debt, continued world growth and the prospect of higher domestic interest rates, this should result in a strengthening of the A$, at least versus the US$. Thus we now have no exposure to the US$ and hold slightly more yen than underlying assets.

SHORTING

With such strong markets, shorting has been no help at all. Losses from equity shorting have been partially offset by the shorts on the Japanese Government Bonds.

CHANGES TO THE PORTFOLIO

Highly volatile prices certainly test one's agility as strong moves rapidly change the relative attraction of holdings within a portfolio. We used the surge in prices in Japan to extinguish holdings in Takeda (drugs), Toyota Motor Corp, Millea (general insurance), Mitsubishi Corp (trading house with large exposure to energy) and reduced positions in Canon, Nintendo and Dai Nippon Printing. In their stead we added to positions in Hitachi (heavy electrical machinery and electronics), Mitsubishi Chemical (chemicals and drugs), Mitsui Corp (trading house with participations in iron ore deposits and energy), TDK (magnetic heads and passive components), Sharp (the world's leading TFT TV maker and solar cell producer), SMC (the world's largest producer of pneumatic controls), and the regional banks. We also removed Samsung Electronics, the power providers in India; CESC and Tata Power, and the large drug producers GlaxoSmithKline and Schering AG.

DISPOSITION OF ASSETS

REGION	MAR 2006	DEC 2005
JAPAN *	**29%**	**33%**
WESTERN EUROPE	**25%**	**24%**
NORTH AMERICA	**22%**	**19%**
EMERGING MARKETS	**14%**	**14%**
AUSTRALIA	**1%**	**0%**
CASH	**9%**	**10%**
SHORTS	**33%**	**34%**

* The Fund also has a 9% short position in Japanese Gov't Bonds

Source: Platinum

After a tempestuous relationship of adding to and reducing our position - to good effect - we finally exited AMD which at three times our first entry cost, is now priced to reflect its ability to comprehensibly compete against Intel. {For further information, please refer to the Platinum International Technology Fund report on page 30). Failed investments such as Livedoor and Premiere AG are being sold at considerable loss.

For those of you who become anxious about our errors we can only reiterate that, at its core, equity investment is risky and for this reason we manage funds with a diversified portfolio comprising over 100 holdings, of which the top 15 represent around 30% of long positions and the top 30, nearly 50%. The most compact measure of the soundness of our judgement lies in our three to five year returns (see page 2).

The above sales allowed us to introduce the likes of Oracle (databases and enterprise resource planning applications), LG Corp (the Korean conglomerate of electronics, consumer goods and related activities) and Pernod Ricard (the world's second largest liquor and wine producer). We also added to International Paper, Liberty Media, our gold shares and other laggards.

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY			
CATEGORIES	EXAMPLES OF STOCKS	MAR 2006	DEC 2005
CYCLICALS/MANUFACTURING	TOYOTA INDUSTRIES, SCHINDLER, SIEMENS, INTERNATIONAL PAPER	**31%**	**29%**
FINANCIALS	CREDIT AGRICOLE, SUMITOMO MITSUI INSURANCE, SAMSUNG FIRE & MARINE	**15%**	**16%**
TECHNOLOGY/HARDWARE	AGERE, INFINEON TECH, SAMSUNG, SUN MICROSYSTEMS	**11%**	**11%**
RETAIL/SERVICES/LOGISTICS	HORNBACH, CARREFOUR, MITSUBISHI CORP	**8%**	**9%**
CONSUMER BRANDS	HENKEL, LOTTE, BEIERSDORF, PERNOD RICARD	**7%**	**5%**
SOFTWARE/MEDIA	NEWS CORP, LIBERTY MEDIA, NINTENDO	**6%**	**6%**
GOLD AND OTHER RESOURCES	SHELL, BARRICK GOLD, NEWMONT MINING	**5%**	**5%**
TELECOMS	ALCATEL, SK TELECOM, ERICSSON	**5%**	**5%**
MEDICAL	PFIZER, MERCK & CO	**3%**	**4%**

Source: Platinum

COMMENTARY

When we first presented the case for investing in India several years ago, some investors expressed dismay that we were not paying attention to the more obvious candidate, China. Interestingly, in the intervening period India has way outstripped China in stock market terms and the investment story for India is now well told. With this in mind, our focus is back on China.

To state the obvious, China has followed a very different path to modernisation than India. The latter is a democracy that has erected every conceivable barrier to retard the process starting with Mrs Gandhi's licensing raj of the 1970s, left-leaning state governments, a fondness for litigious actions, and social values that often placed materialism at the bottom of priorities! By contrast, following the visit of Deng Xiaoping to Southern China in 1992, the deconstruction of central planning unleashed perhaps the most remarkable episode of raw capitalism ever seen. However, the residual benefits of a command economy were mobilised to the full to facilitate the growth of trade and the enticement of foreign know-how and capital. Having started as subordinate partners, opportunities for foreign firms gradually broadened as internal competition at both the provincial and city government levels enabled them to parlay majority ownership and managerial control. It was, however, not without the surrender of important technology which was seldom licensed and mostly purloined. For example, Lucent had little choice but to accept the reality of counterfeits if they wished to deepen their access to the burgeoning domestic market.

The competition for foreign investment among the provinces is highlighted by the pro-active mentality of the authorities with licensing, but above all, in providing core infrastructure such as land, water, power, ports and roads ahead of immediate need. It was this anticipatory expenditure and the availability of vast pools of labour (facing limited choice and very limited representation) but most important of all, the ability to expropriate land (with paltry compensation) that sets modern Chinese industrialisation apart from any other model. Less publicised than the virtuous cycle of cheap labour and free trade, that induced outsourcing and further foreign direct investment, has been the technology and know-how contributed by the Taiwanese and Chinese returnees. They and others have allowed the country to deepen its capital goods producing industries at a time when capital formation has almost matched consumer spending. At the same time, generous State bank loans to troubled state owned enterprises (SOEs) have lubricated their ability to cope with the changed environment and over-manning.

Our most recent tour, which included the back-blocks of China, highlighted the sophistication of infrastructure in and around the provincial cities and the fact that Beijing's policy of decentralisation is going according to plan and helping to spread the nation's growing prosperity. There is a pervasive sense of optimism among both the local companies and multi-nationals that we met, but pricing pressure remains intense. Profitability, which was seldom mentioned during our 2003 grand tour, is causing there to be talk of the need for "industry consolidation". Apart from the inability to pass on rising raw material costs, labour shortages are also a growing concern. Wages are generally rising by close to 10% pa for assembly type work, while supervisory and professional management are able to extract increases of around 30%. Job hopping by skilled workers is fast becoming a national past time [1].

This pressure on profitability will, in due course, impinge negatively on investment (which anyway is abnormally high) and ultimately retard economic growth. However, we believe this linear causality underplays the likelihood that foreign investment flows will remain robust, driven by the potential of the vast domestic market and the competitive imperative to outsource. Even if labour costs rise in aggregate by say, 15% pa, the relative gap afforded by doing business in China, and the growing sophistication of its products will provide support for longer than some may believe. Yes, there will be more outsourcing to Vietnam, Indonesia and so on, but we believe there is sufficient momentum to ensure that activity continues to rise, albeit at a slightly slower pace (5-7% versus the 8-9% of recent years). Significantly, the resources of the nation will now switch to consumption and in our view begin a consumption binge. Wages are far outstripping inflation and skilled people will be able to afford property and consumables which were formerly confined to dreams.

Property is identified by most respondents (to the CS survey) as their most desirable purchase and on account of income rises and relatively cheap land, it is proving highly affordable. At the one development we visited in Chengdu, Vanke, is developing 700,000 m^2 to provide 5,000 apartments. The first stage sold for about RMB3,200 per m^2. As in Hong Kong, this is the price for unfitted gross space and once subcontractors have "finished" the apartment to the buyer's specification, the cost is around RMB4,500 m^2. So a pleasant flat of 120m^2 (equivalent to 105 m^2 net usable) in a garden setting, costs around $US67,500! With the CS survey revealing mean disposable urban household incomes in 2005, of around $US7,600 pa, it is perhaps not surprising that across the nation, 30% of new apartments are paid for in cash. Interestingly, there is a tendency for mortgages to be retired early and even with the current housing boom,(housing sales up 20% year on year) the outstanding stock of mortgages is barely growing with the government banning banks from penalising early repayment.

The second-hand market in housing is still very undeveloped on account of slow title registration in cities other than Shanghai, and the fact that those with capital are said to prefer to keep their properties as investments on the basis of rental returns of about 5-6%, and the prospective bonus of capital appreciation. To further encourage decentralisation, there is a growing tendency by the government to ration land in the coastal areas. It is encouraging the public auction of larger blocks (to favour the stronger players) and is limiting developers' use of borrowed funds as well as stipulating the degree to which developers can depend on pre-sale finance from potential buyers. With most developers seemingly indifferent to the activities of their competitors in this helter-skelter building of new accommodation, these regulations may be insufficient.

Apart from housing, we believe foreign investors may also underestimate the take-up of automobiles. The CS survey hints at this with respondents in Shenzhen and Beijing revealing

[1] A recent study by Credit Suisse corroborates the sharp rise of urban incomes with their 2005 survey of 2,700 people in eight major Chinese cities, suggesting that the mean after-tax household disposable income is RMB5,081 ($US633) per month, 13% higher than in their 2004 survey. Our anecdotal evidence suggests this figure may be conservative.

about 26% of households own a car versus the survey average of 15%. Our visit to Geely Automobile's assembly complex in Ningbo reminded us of the speed of adaptation by local start-ups. Selling cars for as little as $US5,000, Geely sold 133,000 vehicles in 2005, and is planning to sell 180,000 this year with the launch of seven new models. It may, however, be preferable to participate in this boom with a well established company such as Dongfeng (formerly Second Auto Works) with its 50% interest in foreign-managed associates producing Hondas, Nissans, Peugeots, Cummins diesel engines and its own trucks. One cannot deny the exuberance and commitment of the local entrepreneurs when seeing their facilities and knowing their short histories.

Apart from the opportunities in the local companies vying to meet this tidal wave of domestic demand, the alternative is to participate via the diluted interests of foreign companies. The Fund is represented here with the likes of Carrefour with its 78 hypermarkets and Pernod Ricard, with the best selling scotch, Chivas Regal. In time, the scale of the market will be meaningful to a host of others, above all strong brands, in this imitation prone market!

The spill over from greater domestic demand within China will be particularly beneficial to South East Asia and continue to suck in sophisticated exports from the rest of the world. This will begin to remove the trade imbalances and the much discussed "under-consumption" of the region versus the rest of the world.

We cannot see how the above can be detrimental to Japan and Korea which remain important areas of investment for the Fund. Both markets have done well but from low bases and the return of pricing power will, we believe, produce earnings surprises. Furthermore, in the case of Japan, the second phase of this primary bull market will be carried by deteriorating bond prices as interest rates rise and as local institutions need to shed bonds to rebalance their depleted holdings of equities. These are presently at historically low levels (28%) having peaked at 41% in 1979.

CONCLUSION

Even though interest rates are climbing worldwide, there is little evidence that this is sating investors' thirst for equities, or inducing a higher risk premium in emerging markets. The labour cost arbitrage, which has been an important contributor to western companies having their highest levels of profitability ever (as a percent of GNP in aggregate), is still in place. However, valuations barely acknowledge these above-trend profits. Complacency reigns at a time when deteriorating global liquidity is being absorbed by strong economic growth. Perhaps the speeding up of consumption growth in Asia is seen by investors as an important piece of the jigsaw that rebalances global economic activity. From a micro-perspective, we are identifying companies we are comfortable to own at prevailing prices partly because of the relative undervaluation of quality growth companies that we have alluded to in the past.

China

PLATINUM ASIA FUND

Andrew Clifford
Portfolio Manager

PERFORMANCE

PERFORMANCE (compound pa, to 31 March 2006)	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
PLATINUM ASIA FUND	16%	49%	41%	44%	43%
MSCI AC ASIA EX JAPAN	12%	43%	25%	29%	26%

Source: Platinum and Factset. Refer to Note 1, page 40.

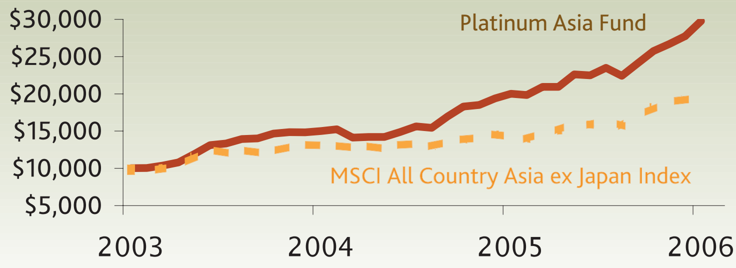
It was another extraordinary quarter for Asian stock markets, with the leading market once again being India, up another 19% this quarter and almost 70% over the last 12 months. Strong earnings growth at Indian companies continues to attract investors and quell any concerns one might (perhaps should) have for rising local interest rates and the higher valuations that are now on offer. The Fund's holdings in Indian brewers and liquor companies were once again amongst the best performers. The other area of strength was Chinese consumer related companies, and although this may not be particularly apparent in broader stock market indices, it certainly was in the Fund's portfolio where holdings in Chinese property developers and retailers were very strong performers, a number of them moving up in excess of 50% during the last three months. The poor performers included the Taiwanese market yet again (up 1%) as the banking system has been hit by a further blow out in credit card write-offs, and Korea (down 1%) whose market has paused after leading the way in 2005.

DISPOSITION OF ASSETS

REGION	MAR 2006	DEC 2005
CHINA (LISTED EX PRC)	12%	12%
CHINA (LISTED PRC)	10%	7%
HONG KONG	8%	6%
TAIWAN	5%	7%
GREATER CHINA TOTAL	35%	32%
INDIA	19%	24%
KOREA	18%	23%
MALAYSIA	5%	4%
INDONESIA	4%	4%
THAILAND	1%	1%
SINGAPORE	0%	1%
CASH	18%	11%
SHORTS	9%	11%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
3 MARCH 2003 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

CHANGES TO THE PORTFOLIO

We continue to sell down our Indian holdings as they reach full valuations and as such the exposure to that market continues to fall. We continue to hold a short index position against our Indian stocks, and although this has detracted from the Fund's performance, continue to believe it is prudent to retain this protection in what has become a very hot market. Elsewhere we continue to find new companies to buy in China, primarily in consumer related areas and have let the cash holdings build over the quarter.

COMMENTARY

In February we spent a week travelling through China visiting companies based in a number of so-called "second tier" cities. Our trip took us to Shenyang in the old industrial heartland of communist China in the north east; Suzhou a major manufacturing centre just a 90 minute drive west from Shanghai; Ningbo, a major port city south of Shanghai; and to Changsha and Chengdu in the west. Although the economic vibrancy of these cities is somewhat varied by reputation and physical appearance, with Suzhou and Ningbo at one end of the spectrum, having developed as major centres of manufacturing, Shenyang at the other end struggles as a result of closure of state owned enterprises. Similarities are, however, more evident than the differences. In each city our travels took us along modern four or six lane freeways, past modern residential housing developments, and through modern airport terminals designed with capacity decades ahead of current needs.

Indeed this investment in infrastructure, much of which occurred post the Asian crisis in the late 1990s, has been one of the driving forces of growth in China. Often sceptics will point to this "over investment" as wasteful and inefficient and indicative that China's true growth rate is overstated. However, without this investment, it is hard to see how the manufacturing zones around cities we visited would have opened up. To give one a picture of how substantial the expansion has been, while the old city of Suzhou is quoted as having a population of slightly over one million people, we were quoted a figure for greater Suzhou of over nine million. Whether this figure is correct or not (more credible estimates are 6 to 7 million people) is anyone's guess, but in at least three of the cities we visited, we were able to leave the old city centre and drive in one direction on modern freeways for at least an hour and still be within the new industrial zones that have taken over the surrounding farm land. What is more, these industrial zones are typically well planned and with trees planted along the roadside it is more Canberra than industrial revolution.

Often the impression from outside of the country is of a boom engulfing the Yangtze and Pearl River deltas and other parts of the coastal region, but a visitor to Chengdu (estimated population 10 million) in Sichuan province, 1,600 kilometres to the west and not far from the foothills of the Himalayas, will find no less, at least perceptibly, a frenetic pace of development than on the coast. The importance of the infrastructure was highlighted by our visit to Intel's new plant in Chengdu where personal computer "chip sets" go through the final stages of assembly and testing. This is a highly automated process where the labour cost advantage of China is not relevant. For Intel, the requirement was that they be located near the customer base (over 80% of personal computers are assembled in the PRC) and the cheap industrial land (and undoubtedly for a company such as Intel some incentives from the local government), together with a good supply of labour, made Chengdu an ideal location. But without the investment in infrastructure this would not have been possible, and it well and truly explains why foreign direct investment in China continues to run at eight times the level seen in India where infrastructure is poor and democracy remains a significant impediment to its improvement.

One of the key issues highlighted by our visits is the tightening of the labour market. Particularly in areas such as Suzhou and Ningbo, skilled employees with three or more years experience are scarce, and are demanding salary increases of 30 to 50% to move jobs. Although the situation is not as severe in Chengdu or Shenyang, it is likely that the effect of tight markets in the coastal areas like say Suzhou, will be transmitted across the country given labour's mobility and access to pricing information via internet job searches. For unskilled factory floor workers, the typical annual growth rate in wages appears to be around the 10% mark. Even though productivity of workers will improve as their experience grows, it would seem that the unit cost of producing in China is at last on the rise.

Given the lack of pricing power of most manufacturing businesses, the obvious conclusion, as we have discussed in previous reports, is that profits continue to be under pressure. Some commentators conclude that investment and thus economic growth will slow, but our problem with this point of view is that China's costs are so low that even if they were to rise at a few percent annually, it would be sometime before China was no longer competitive. Of course places such as Vietnam that also have large low cost labour forces will benefit as companies seek out alternatives, but even Vietnam with a population of 82 million, is only equal in size to Sichuan province! It would seem that it is only a matter of time before these cost increases start to filter through to end product prices in developed economies.

More importantly though for investors in the Asia Fund is that the strong growth in wages that are now being experienced in China should add momentum to private consumption. One obvious outlet for such new-found wealth is the residential property market where there is much discussion amongst foreign commentators about whether this market is in a speculative bubble. As we have observed in previous reports, outside of Shanghai property prices have typically tracked in line with household incomes, and total mortgage balances outstanding in the last two years have grown in line with or below GDP. This is far from consistent with an irrationally exuberant market!

Of course, one might question the quality of data we are relying on in China, but our meeting with China Vanke (one of the country's largest developers and a holding of the Fund) at one of their Chengdu developments revealed that apartments were currently selling at RMB3,700 per m^2, a price that had barely moved in the previous six months, with the typical sized apartment from 80 to 120 m^2 (up to 200 m^2 for those wanting a little more space). This equates to a selling price of approximately $A50,000 to $A75,000 [1]. According to the developer, the typical buyer of the 80 m^2, two bedroom apartment, would be a professional couple with household income of RMB200,000 or $A35,000, thus the purchase price represents approximately two years after-tax income. Little wonder mortgage balances aren't growing quickly. The household income figure looks way too high, although from other sources a figure of half this would not be inconceivable. There still remains considerable risk in the property development game in China as it does elsewhere, with the vagaries of location, interest rates, and economic growth all still playing a role, however, very simply, this does not appear to a market that is a long way ahead of sustainable levels [2].

Another obvious beneficiary of strong personal income growth is the retail sector. On our trip we included a number of stops at various stores, including a newly opened Wal-Mart in Changsha. The store was located in a mall owned and operated by CapitalLand of Singapore and was not such a different experience from wandering into a Westfield in Australia. On entering the top level of the store where the usual range of apparel,

1 On top of this, the buyer would spend another 15% fitting out the apartment as they come without wall or floor coverings, kitchen or bathroom, and taps or light fittings!

2 And of course one shouldn't mix this up with the risk of owning shares in Chinese property developers, which over the last six months have experienced moves of 100% and more!

homewares, and household goods were on sale, there was a reasonable level of shopping activity but nothing extraordinary. However, this changed completely when we moved down one level to the food section. Here, the range of fresh fruit and vegetables, live fish, frogs, and turtles, was in massive demand, despite selling at a small premium to the traditional wet markets. The reason for the popularity of the offering is that the large, organised retailers bring a guarantee of quality and authenticity to the product, whether that is a brand name product or fresh vegetables. This was highlighted by a recent tragedy where a manufacturer of baby formula was providing a product that lacked appropriate nutritional content and a number of children died as a result. The infrastructure of shopping malls is being built across the country and retail is quickly becoming organised on a large scale, creating an environment that will be highly competitive. Nevertheless, retailers who do a good job should prosper in this environment.

One final point should be made about the Chinese consumer and that is the incredible disparities in incomes. While the factory worker clears $A150 or so a month, as the property developers understand, there are many who are clearing a great deal more. Nowhere is this more apparent than in retail where the prices marked on branded products, whether they be Sony TVs, Adidas tracksuits, or Olympic souvenirs, are close to levels seen in Australia for the same product. One of the starkest examples in our travels was the nightclubs in Chengdu, filled to the brim on a Thursday evening, where the price for a glass of scotch was $US5. And yes, we're pretty clear that wasn't a special price for the foreigners!

What continues to surprise one in China is how when one sector appears to be overheated and due for an adjustment, another will come up to take its place. Two years ago there were grave concerns about the level of investment in power generation. This has translated into a booming market for coal which in turn is the destination of choice for new investment. In the same way, there has been much concern about over investment in manufacturing leading to profitless prosperity, but this is driving increases in wages, which have the potential to make consumption the key driver of growth. We cannot see what will cause the country to slow. However this will not necessarily translate directly to stock market returns, particularly after the run of the last six months.

PLATINUM EUROPEAN FUND

Toby Harrop
Portfolio Manager

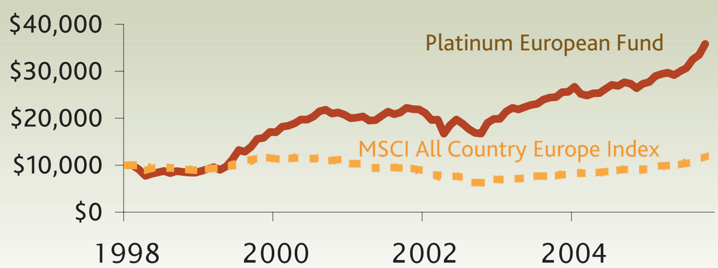
PERFORMANCE

With a gain of 14% (the MSCI in A$), European stockmarkets performed well from an A$ perspective in the March quarter. This was mostly about rising stock prices, though the gain is flattered by weakness in the A$ versus European currencies over the period.

The breadth of the advance was unusual, with only about a tenth of the largest 500 stocks down at all (and most of those not by much), while over 100 stocks managed a gain of over 20%. Small stocks, which have way out-run their larger siblings in recent years, registered another good quarter; and while several big takeovers distort the industry return rankings, there was a clear bias towards the industrial/cyclical sectors; "safe" areas of the market were shunned. In light of the southern European cracks in the monetary union façade, vigorous protests in Paris, and the generally slowing earnings growth estimates, stock market investors do seem to be doggedly optimistic.

We on the other hand, while usually (cautiously) optimistic, have found ourselves unable to muster the wild abandon of the crowd, and have therefore continued to run a ***relatively defensive*** position, with cash and (index) shorts resulting in a net exposure mostly around 70-75% over the quarter. The Platinum European Fund performance of nearly 17% for the three months suggests that we should - again! - have been more aggressively (or agreeably?) positioned; the modestly costly 20-25% hedge into the weak A$ implies that the underlying performance of the stocks in the Fund was better still. In fact we took the chance (below E58c/A$) in late March to add to the A$ hedge so that the portfolio is now nearly a third exposed to A$. Also, given the price moves, we continued to shift the portfolio away from the small and mid-sized, high-flying stocks toward some <u>large</u>, steady, attractively-priced alternatives.

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

BREAKDOWN OF FUND'S LONG INVESTMENTS BY INDUSTRY			
CATEGORIES	EXAMPLES OF STOCKS	MAR 2006	DEC 2005
TECH/MEDIA	INFINEON, ALCATEL, ERICSSON	**23%**	**20%**
CAPITAL GOODS	SIEMENS, RIETER, METSO	**19%**	**21%**
CHEMICALS/MATERIALS	NORSKE SKOG, UPM, SHELL	**17%**	**16%**
CONSUMER/RETAIL	HENKEL, HORNBACH, DOUGLAS	**17%**	**11%**
PHARMACEUTICAL/BIOTECHNOLOGY	NOVOZYMES, SCHERING	**6%**	**10%**
MISCELLANEOUS SERVICES	TNT	**4%**	**10%**
FINANCIALS	CREDIT AGRICOLE	**4%**	**7%**

Source: Platinum

COMMENTARY

Italy - is Berlusconi versus Prodi, or France versus Germany the key?

The longest serving Italian government since WWII (five years of black comedy under billionaire media magnate Silvio Berlusconi) faces the electorate as we write, and polls indicate Romano Prodi's "centre left" (or "Trotsky-ist red inferno" if you prefer Berlusconi's description) should sneak over the line - recent electoral rigging by the incumbent notwithstanding. Financial markets, judging from the credit spreads (ie. the relative pricing of German versus Italian government bonds - in a monetary union there is of course no longer a Deutschmark/lira exchange rate to reflect the risk of Italian credit obligations), presume that Prodi will win, and that he will tackle the economic difficulties the country faces [1].

However, while there is considerable doubt that the next Italian government has the resolve to tackle the problems facing the country, the real issue is that it seems unlikely that resolution *within the framework of monetary union* is possible at all. Seemingly innocuous changes of emphasis can disguise significant news, and Bernard Connolly of Banque AIG reckons the first week of April may have seen such an example. This week, after a month of (German-led) mutterings about the need for further interest rate rises, the head of the European Central Bank, M. Trichet, hosed down such expectations, saying the market was wrong to assume that rates would rise (soon). Although France is not showing any of the animal spirits which - dare we say it - appear to be coming to life in Germany, the real issue here is the increasingly wide-spread concern among French officials that *some form of debt repudiation by Italy* is becoming increasingly likely. In our December report we noted the German position on this: "Germany will not tolerate high inflation to accommodate other members of the monetary union", and we also noted that rate rises, even from a low level, greatly add to the woes of Italy (and its place in the monetary union).

Long-time observers of the European experiment will recall that while the French saw many advantages to drawing Germany et al into a monetary union, the German people were reluctant to part with the stability of the Deutschmark, and were only swayed by reassurances from Chancellor Kohl, and by the Bundesbank's insistence that various rules limiting government debt, deficits, and inflation be imposed upon all prospective members (though

1 It is noteworthy that the "spread" between the Greek and German long bonds has been drifting steadily wider for nearly six months - Greece is less important than Italy in the monetary union context, but still crucial for perceptions (and realities!) as to EMU's operation under "crisis" conditions.

clearly the southern Europeans were the real focus of this [2]). Despite their good intent, these stipulations were destined to add to the strains of the monetary union, because having jettisoned monetary policy, individual countries were also giving up their fiscal flexibility - all of which leads to the familiar conclusion that a monetary union in the absence of meaningful political union will *inevitably* face a crisis. Recent years have in fact seen the rules on fiscal discipline broken by most countries, and the penalties for such rule-breaking diluted to practically nothing.

These contrasting Franco/German perspectives can still be seen today: Germany requires countries to undertake the tough reforms necessary (in Italy's case, several years of relative wage decline coupled with government spending restraint and/or tax increases) to be a responsible member of the union; the French are desperate to keep the Italians in the union (for fear that if one goes the next is only a matter of time), and understand that Italians will not voluntarily suffer the hardships required to restore their own competitiveness. The French worry that the Germans cannot see the risks to the *continued existence* of the monetary union, and rising interest rates only accelerate the inevitable. All this may seem a lot to take from a mere change in tone by the central bank chief, but we think this is what is afoot, and as mentioned several times, the risk of other members "bailing out" Italy via a disproportionately weak euro leave us reluctant to hold a full exposure to that currency.

2 In fact the Bundesbank most likely intended various southern European countries to fail these tests and not be admitted to the union in the first place; however, some imaginative national accounting allowed Italy to “meet” the entry criteria, and arguably the time bomb started ticking at that point.

More riots in France - and tortured comparisons with 1968

Student-led protests which have expanded to be general trade union strikes in France in recent weeks have drawn comparisons with the events of 1968 in Paris. However, while this romantic notion may be attractive, some harsh commentators have pointed out that in fact today's rabble, far from having any *revolutionary* spirit, are marching merely to maintain the status quo! The proximate cause of the students' complaints is a law allowing businesses to fire staff (under 26 years of age) without cause. Because pre-existing redundancy terms were so expensive for small businesses, the object of the new law is in fact to allow companies to hire without fearing a loss of flexibility. So what most pro-market advocates would see as a job-generating law, the students are interpreting as a loss of the "right" to lifetime employment enjoyed by previous generations. Youth unemployment in France is 23%; in the poor suburbs it is closer to 50%. Overall unemployment, still near 10% today, has not fallen below 8.5% for twenty years. Clearly the status quo is not perfect!

But to be fair, the protests may be specifically about this law (and thus probably off-beam) but are more generally about the balance between unfettered markets and government regulation of the economy. And of course this is all seen in the general context of "globalisation" (a term associated with fear in France, incidentally). What is interesting in that country, and in fact helps France remain a key touchstone in a world currently dominated by market ideology and outlandish corporate profitability, is that the debate is far from uninformed. Fifteen year-old high school students, interviewed on the street, point out that record corporate profitability makes such "draconian" labour laws "unnecessary". Now while there will be disagreements about the logic of that statement, there is a lot to be said for a place where fifteen year-olds are aware of the state of corporate profitability and wish to relate that statistic to labour market regulation and society in general.

In the end though, any debate focusing on the domestic statistics is too narrowly framed. According to the French government, the "purchasing power" of the average salary in France is little changed this decade and has grown by only 14% since 1980 (having risen by over 50% in the booming 1960s and by another third in the 1970s). Given the skewing of salary growth *away* from manufacturing and "unskilled" service jobs over recent years, it is clear that large segments of the population would not even have matched that modest 14%. All of which brings us back to globalisation, and the massive labour price arbitrage that "emerging" economies are enjoying against the rich world. For a time - and perhaps we are nearing the peak now - western corporations enjoy the best of all worlds: exploitation of their strong market positions without sharing the spoils with labour, at a time when their big, "mature" markets are still rich enough (or financially engineered enough) to "afford anything" and, simultaneously, their new markets are growing swiftly.

It certainly seems that prospects for, say, Siemens, with its massive footprint in almost all (new and existing) markets, and its alluring product quality, are considerably more promising than the prospects of a purely domestic, western European middle-market consumer business. Clearly in any given large (even stagnating or declining) market there is room for the good companies to thrive, but business - especially, say, retailing - is not actually much fun without a tailwind.

More generally, notwithstanding the current state of near-perfect profit-making circumstances, it is not clear that global conditions in the medium term guarantee a structurally high level of profitability at all. On the contrary, profitability should logically be under pressure over time. To be specific, European corporate profits grew at over 20% in each of 2004 and 2005, but even with recovering domestic economies (Germany, anyway) the optimists do not expect more than 10% earnings growth this year. The still hot mergers and acquisition mania aside, it seems that the broadest part of the stock market advance may be behind us, and that stock specificity is once again paramount.

PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

The Fund rose by a modest 5% in $A terms this quarter against a market return of 10%. Absolute returns were flattered by the weak $A which fell 2.5% against the yen. Comparative returns were negatively impacted by our Livedoor holding and a weak Korean market. The one year return of the Fund was 43% in $A terms as compared with 49% for the MSCI Japan Index.

Livedoor

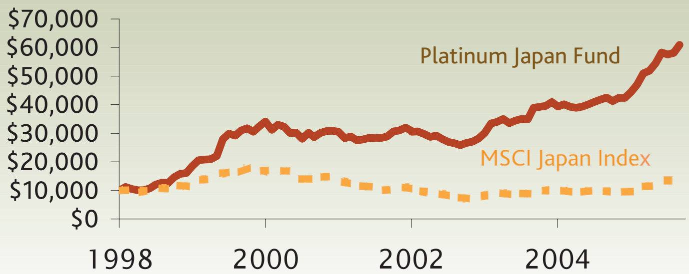
Many readers will be aware of the arrest of Takafumi Horie, the colourful founder of Livedoor, on allegations of securities law violations and its consequent impact on the value of the group companies. This event had a cost impact of -1.9% on the Fund. We have taken the unusual step of outlining this impact in response to some investor's enquiries but remind investors that rarely do we highlight the major successes in our portfolio. Indeed, this is the nature of a well-diversified portfolio where even the near destruction of one stock has relatively little impact on the overall picture.

DISPOSITION OF ASSETS

REGION	MAR 2006	DEC 2005
JAPAN	75%	74%
KOREA	18%	17%
CASH	7%	9%
SHORTS	19%	19%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
1 JULY 1998 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

Looking through the retrospectascope® we would make a number of comments about the Livedoor situation:

1. This event is unlikely to have a detrimental impact on the market as a whole unless the authorities unleash similar tactics upon other entrepreneurial companies such as Softbank. Perhaps the action taken against Livedoor will serve as an adequate warning to others.

2. Our initial appraisal of the investment value of Livedoor was that of the 400 yen share price (our average cost), about 200 yen was net cash and the remaining premium represented a very cheap multiple for internet earnings streams (approximately 10x PE). If we were to critically appraise our decision we clearly did not pay enough attention to the distaste with which the establishment in Japan regarded Horie's attempted takeover of Fuji TV and his running against the high profile Kamei (old guard and former police minister) in the general election. This combined with a great reliance on Horie for the "value" in the internet assets left us exposed to the bolt-from-the-blue which transpired.

3. Although the charges are serious it seems pretty clear that the types of offences are in the grey area and many Japanese companies would be guilty of padding profits and talking up their stock. Rather it is pretty clear that the establishment have chosen to turn on Horie as payback for his upstart ways. Indeed nothing detrimental about the value of the underlying operating businesses has been revealed.

We have taken the decision to sell out of our remaining position in Livedoor as the company is going to be delisted and we wish to ensure that investor's tax losses are made available.

CHANGES TO THE PORTFOLIO

The overall positioning of the Fund remained fairly static. On the currency front we raised our exposure to the yen by 10% of the Fund at the expense of the $A.

Major changes to stock positions:

Stocks bought:

Mitsubishi Heavy, JR West, Hitachi

Stocks sold:

Mitsubishi Securities, Toshiba, Sumitomo Mitsui Financial Group

COMMENTARY

Japanese market - the way forward

With the slowing of the frenetic rise in the Japanese market it is a good time to outline our scenario for the market going forward. We believe the market is only midway through its current bull phase and barring a sharp downturn globally, has the potential for good gains. A Nikkei level over 20,000 is not improbable. As we pointed out in our last quarterly and consistent with our hedging position, a lot of enthusiasm for the market had been expressed in prices already. But if we look at the economic cycle it would seem there is a lot more to come. Our view is that it is hard to believe that we could see a recovery from 15 years of recession which would be over within one or two years. Rather we see additional impetus to the economy coming from the recycling of corporate profits into capex and higher wages. Coincident with this, the ending of deflation will provide another powerful boost to the cycle with areas such as the financial economy and property market kicking into gear. These forces can energise the economic cycle for some time to come.

Within the stock market we believe the easy gains have been made. From here on it will be more important to look for areas of relatively stronger earnings growth as benefits from the improving economic cycle are somewhat dulled by rising rates and employee wages. We think that the market sectors that have led earnings to date such as in the commodity cyclical and early-cycle capex areas will lose momentum. Rather, we are more disposed toward areas such as the financials which will see much greater volumes of activity and also benefit from stronger lending margins. Heavy industrial companies are also interesting as they tend to gain more from a broader improvement in the economy and are starting to see the benefit from the retirement of older, less productive employees.

Of course, the theme for the overall Platinum Trust quarterly report is China, and there are few places where this will be more important than in Japan. We think it is important to cast one's mind not just to Japan as a discrete, investable entity but rather think of north Asia as an integrated region including Korea, China, Taiwan and Japan. When you do this it's much easier to recognise the benefits that Japan will derive through a market for their very high tech goods as well as a source of cheap labour and impetus for structural change. Consumer goods companies such as Toyota, Sony and Shiseido should do well as will the Koreans such as Samsung and LG Electronics.

PLATINUM INTERNATIONAL BRANDS FUND

Simon Trevett
Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

The Fund achieved a return of 11.7% for the quarter, contributing to a return of 41.6% for the year. By comparison, the MSCI World Index returned 10.1% and 29.9% for the quarter and year respectively.

The Fund has continued to benefit from its exposure to alcohol and tobacco companies in India with exceptional increases in the stock prices of those holdings, both for the quarter and since our original purchase. The Fund has enjoyed increases of up to ten fold in some of these stocks. Last quarter, we highlighted in our commentary an outstanding gain from our holding on Bata India (footwear); we decided to realise this gain in the quarter.

The investments in cosmetic companies especially our French holdings, L'Oreal and Clarins, contributed with increases of 10% to 15% in the quarter. We had been adding to both of these companies particularly Clarins, whose share price was languishing somewhat.

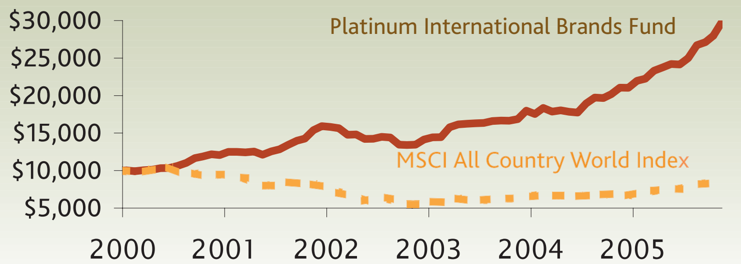
The Fund's exposure to Europe and particularly France has increased in the quarter with additions to our investments in Pernod Ricard and Remy Cointreau. The Fund's largest investments, Clarins, Carrefour, Pernod Ricard along with L'Oreal and Remy Cointreau, mathematically determine that the Fund has a large European and specifically a large French weighting. Our focus and underpinning of the investment case for these companies clearly extends beyond the borders of France and coincidentally exemplifies an investment approach that eschews the influences of benchmarks and their weightings.

DISPOSITION OF ASSETS

REGION	MAR 2006	DEC 2005
EUROPE	34%	28%
OTHER ASIA (INCL KOREA)	23%	26%
JAPAN	18%	24%
NORTH AMERICA	5%	5%
CASH	20%	17%
SHORTS	4%	8%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

We noted last quarter that we had benefited from our investments in Japanese regional banks and electronics in Korea. This quarter, those stocks detracted from performance with stock prices that were flat or declined. As a consequence and due to some selling, the Fund's investments in Japan have declined proportionately from 24% to 18%.

The Performance of the Fund in the quarter has also benefited from the decline in the A$, especially against the euro.

COMMENTARY

The purchase by L'Oreal of the UK cosmetic chain Body Shop appears to be incongruous with their operations as a supplier rather than a competitor to cosmetic retailers. It has also drawn forth a predictable reaction from consumers and activists highlighting the apparently differing ethical positions of these companies, along with L'Oreal's ownership by Nestlé (also renowned for being boycotted). We don't believe that this acquisition by L'Oreal was decided upon purely by the compelling financial acuity of their investment bankers, nor by a disregard of the persona of the brand. Perhaps though, L'Oreal was attracted to the opportunity for developing alternate distribution channels, direct retail and direct selling, an interesting alternative in some developing markets where a cosmetic retail industry is yet to be widely established.

It may also be that L'Oreal saw advantage in expanding the "natural" segment of their product portfolio. A visit to a Body Shop store might also surprise many on the extent of the range of products and perhaps the potential that L'Oreal envisions. Colgate recently purchased 'Tom's of Maine', which offers "natural" toothpaste packaged in an environmentally friendly way, further highlighting the segment. Nonetheless, acquisition interest has seen shares in companies such as Clarins perform strongly towards the end of the quarter.

Along with cosmetics, alcoholic beverage companies are an important component of the Fund (some 15%), dominated by spirits products rather than beer or wine. We do encourage (even relish!), participation with the products and, albeit in a very modest way, support the returns of those companies where we have an ownership interest.

Whilst many readers may not have had the opportunity to travel to, say India, and experience products such as Royal Stag whisky, the key brands of many of our companies are readily available, such as Chivas, Ballantines or Martell. Similarly, products from L'Oreal and Clarins feature on our shopping list as we contemplate whether the corporate rhetoric is reflected in the advertising and performance of the brand and product. Our ongoing discussion of the Fund's investments should always provide a variety of opportunities for your participation and hopefully enjoyment, from cosmetics and hair care through to chocolate (Lindt and Spruengli) or even autos (Toyota).

Diageo, London listed and the largest of the spirits companies, describes the US market as their most important developing market. In contrast, many management teams from a variety of industries have found it expeditious to highlight their company's exposure to the '"BRICs" (the fast growing economies of Brazil, Russia, India and China) rather than the US.

Diageo's performance in the US certainly determines the basis of their overall financial performance; the opportunities that they see for sustained brand building and increased consumption in that country are noteworthy for them and the industry. We might also observe that the desire by Diageo's management to focus the investment community away from their emerging market (BRICs) operations may also relate, in part, to the need for them to address a host of historic and restrictive distribution arrangements in those regions.

However, even Diageo supports the view that their opportunity in China is compelling, albeit challenging. Pernod Ricard has had good success in many emerging markets which has more than compensated for declining consumption in France of their Anise products and an overall difficult European market. Following Pernod's acquisition of Allied Domecq and a reorganisation of distributors, they equally have the opportunity provided by a US consumer who appears to be increasing consumption of spirits.

We have found that many consumer companies have a high dependence on a mature market often with the concern or overhang of slowing consumption. The potential for the spirit companies to see simultaneous growth from the US and the emerging markets is unusual and underpins our confidence in their prospects.

Any discussion of 'China' typically raises a host of preconceived perceptions and notions. As Kerr and Andrew allude to in their report on their recent trip to China, the potential for branded goods companies and the Brands Fund to participate is readily evident. The counter argument, widely held, is that the proportion of results currently arising from China is too small to be of relevance. It is our observation that the ability of companies to make rapid progress is more relevant.

For example, we could focus on the 28% of Pernod Ricard that is their western European business, or the 22% in the US. Meanwhile they have built a business in China that represents 9% of the company and is growing at a pace that might suggest a commensurate boom in Berocca sales. Russia at 5%, Eastern Europe 12%, Latin America 6% and India at 4%, demonstrate a global business with ample exposure to opportunity.

The cosmetic companies such as Clarins generally have very low exposure to China where the 'BRICs and emerging markets are little more than 5% of the business. There is a realisation happening amongst many companies that competing for a market share point in say the US market is only part of the day's work. Clarins management in India recently expressed the view that Clarins should have an outlet in each Indian city within a year whereas, after a presence in India for five years, they currently have only two outlets in Mumbai and Bangalore.

For many years we have heard the argument in respect of luxury goods brands, such as Louis Vuitton, that the destination market is of more relevance to their results than the home markets of their consumers. We have endured regular analysis of the number of Japanese tourists to Hawaii and of the impact on duty free sales of their travel schedules. We don't doubt in years to come that we will see equally determined analysis of tourism numbers both to and from China. We would prefer to consider the potential before any rationalisation of quarterly changes in sales starts to include analysis of tourist movements from Asian countries other than Japan.

OUTLOOK

Comments on the outlook for our investments and performance of the Fund might necessarily involve discussion surrounding long standing concerns on the state of indebtedness of the consumer in mature markets such as the US, or even of the sustained miserable outlook of consumers in several of the European markets. Similarly concerns regarding the impact on valuations of the excess of liquidity could also be highlighted against a backdrop of rising interest rates. These are all widely discussed issues and although also relevant to the Fund don't require further elaboration. Of more specific interest are the opportunities for some of our larger holdings.

A discussion of the scale and growth in China is also widely appreciated. Where we seek to differ is that the prospects for any individual company may be substantially under-appreciated should we continue to see an increasingly affluent Chinese consumer. The urban Chinese consumers are showing every sign of being enamoured with foreign brands especially in rewarding or reinforcing a sense of achievement and status. Foreign branded apparel, sportswear, spirits, cosmetics and a host of other categories, appear to offer a robust long-term opportunity. The equity markets reflect valuations for these companies that dwell on concerns of slow or slowing markets in Europe and the US, and whilst not outrageously cheap we do see good value in selected companies.

PLATINUM INTERNATIONAL HEALTH CARE FUND

Simon Trevett
Portfolio Manager

PERFORMANCE

Confidence in drug development or new advances in either the treatment or diagnosis of diseases continued last quarter. This sentiment is also reflected in the increase in valuation over the past 12 months for many health care companies, especially those that have demonstrated progress and achieved development milestones.

The Health Care Fund achieved an exceptional return in the quarter of 20.7% resulting in cumulative returns of 47.7% from a low point 12 months ago. The Fund has also performed well compared to the good returns of the benchmark over the quarter and the year. We would continue to highlight our lack of awareness of the benchmark components and that the Fund may show both volatile and divergent short-term performance. This is especially relevant with our holdings in biotechnology companies engaged in drug developments that extend over many years.

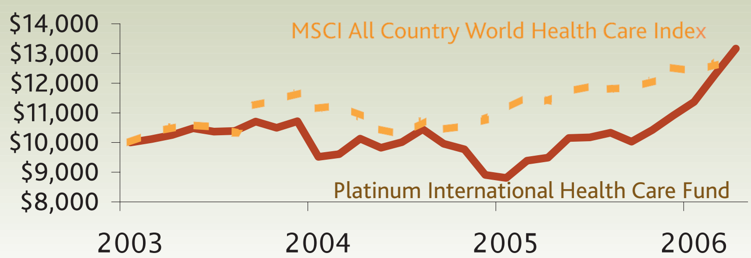
Big pharmaceuticals showed signs of encouraging activity led by Merck and Pfizer. Both added new drugs to their sales force repertoire and lodged applications for drug approvals with the regulatory agencies. In addition, science conferences were also a focus indicating that R&D is still something these companies feel strongly about despite the prevailing rhetoric about their lack of productivity. New drug classes to treat HIV infection were presented and new treatment ideas to balance good and bad cholesterol are in late stage development. More conferences are on the agenda and presenters include representatives from both biotech and pharmaceutical. It's interesting to see how the balance has shifted over the years.

DISPOSITION OF ASSETS

REGION	MAR 2006	DEC 2005
NORTH AMERICA	58%	57%
EUROPE	21%	23%
JAPAN	7%	8%
OTHER ASIA (INCL KOREA)	3%	2%
CASH	11%	10%
SHORTS	0%	0%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
10 NOVEMBER 2003 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

A focus on their specific skills by small biotech funds in the portfolio has delivered a two-fold benefit: good progress with pipeline products and the ability to negotiate favourable collaboration agreements. Larger biotechs still continue to grow strongly but for some, the prospect of competition has forced them to look for alternative projects and methods, and to consider their options. For example, the leading biotechnolgy companies built their business on the so called 'biologics', or injectable proteins but have since expanded their competency in chemical compounds, previously the domain of the big pharmaceuticals. Notably, many of the pharmaceutical companies started out as divisions of the large chemical companies.

In the EU a number of mid-sized companies are struggling to determine the best course of action given their relative size and pipeline potential. German-based Schering AG, one of our holdings, has been a takeover target, with Bayer emerging as the buyer. Serono, the large Swiss biotech sought buyers, likewise Altana another mid-sized German company is assessing the future of their pharmaceutical division. These are by no means the only ones in Europe contemplating their future in a changing world.

The health care landscape continues to be challenging and quite often the emergence of competition plays an important role. Gene chip company Affymetrix is currently also feeling the pressure of maturing and dealing with other smart innovators. However, studying the association of genes and disease or drug response is an area that, in our view, has only just started. The trend towards moving from research tools to long-term clinical use will be most important. Feedback from "genotypers", scientists engaged in research with these tools, and the company's initiatives to work closely with hospitals indicate that the long term story remains intact.

The regulators are also in favour of new technologies that offer the potential to develop more selective drugs and maybe an easier way for assessing potential side effects. The latter is something that is very high on the Food and Drug Administrations (FDA) list of concerns and has in recent weeks caused some more surprising or at least unanticipated delays to drug approvals as the agency requested additional safety data and studies.

CHANGES TO THE PORTFOLIO

Although there are plenty of health care companies in the US the valuations for many have significantly increased in recent months. To balance the volatility of smaller drug developers we added to some of our more neglected US companies that provide research tools and products. As investment in R&D and the use of new technologies is likely to continue, these companies should benefit. For example, a company that has established strong relationships with pharmaceutical companies to support their drug discovery is now adding a new imaging technology for pre-clinical drug development to its product range. The technology enables the effects of a drug to be visualised in a rodent and focuses on assisting the transition of a drug from lab bench to humans with greater understanding of the therapeutics' dynamics. This is also consistent with our previously described theme that biomarkers and other tools will help monitor a drug's activity more specifically and narrow the focus to relevant patients; in brief, adding to a better targeted future of drug development.

We have added to several of our holdings outside the US where progress has been made with new compounds or where, following more detailed work, we gained confidence in the capabilities of the company. EU biotech are definitely lagging their US peers but signs of partnering deals and interest in their progress are emerging, evidence which has been mostly ignored by the financial markets.

Companies can still be found with late stage compounds and pharmaceutical partners where there is a lack of "media hype" attached. Management teams have also evolved and in several instances exhibit many years of experience. With US valuations being quite high we decided to add some EU cousins to our portfolio.

COMMENTARY

Collaborations and licensing deals in the area of Research and Development continue to be an important part of today's health care companies. Life Science technology companies are looking to broaden their operations with the needs of a drug developer or clinician in mind, while drug developers are looking to biotech researchers for new compounds offering the latter well-oiled late-stage development as well as sales and marketing capabilities.

Overall, it is this rather complex network that is gaining in importance and will provide the companies with the potential for progress. Deciphering these interactions and keeping track of them adds to our knowledge of companies and also assists in understanding their respective strength or weaknesses. Trends, such as a focus on biomarkers, vaccine development capability or molecular/personalised medicine also become apparent and can guide possible investment themes.

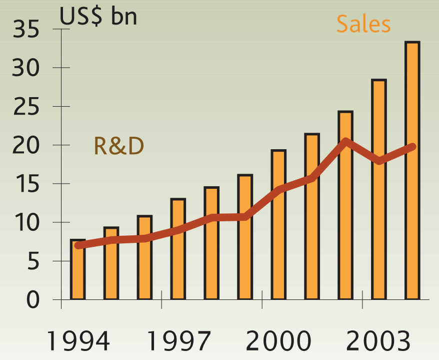
In the case of big pharmaceuticals the depth of the network, in particular in later stages of development and their "on the road" selling capabilities for any particular drug seem to be taken for granted. While a pipeline is essential, so is a team that deals with regulatory issues, with the preparation of documents for regulatory agencies and a sales and marketing operation that is able to get the drug to the right doctor or hospital.

Pharmaceutical does get criticised continuously for its "dry" pipeline and many choose to ignore that these companies have other assets that are essential for ultimately producing a successful drug. The global approach of these companies is also something to consider as there are regulatory differences and also cultural variables to overcome. Many biotechs do have a strong science base and quite often with the help of a Clinical Research Organisation are perfectly capable of showing that the drug works in humans. However, the subsequent steps such as large trials, different disease indications, sales and marketing, require a whole different infrastructure that can be costly and to use optimally, requires time and experience. Some biotechs have successfully chosen to establish or acquire a specialised infrastructure focusing on a disease indication such as cancer or viral infection. More and more biotechs are now mature enough to consider their options more broadly, however, the trend appears to be co-development with a partner whilst maintaining an option for co-marketing or a geographical split of sales territories.

As it was put to us, it is the sheer discipline and resources brought by big pharmaceuticals that is simply 'overwhelming for small biotechs'. Suddenly everything is moving quickly and the dream or promise that the biotech's drug can achieve a commercial identity becomes real.

The biotech sector is maturing and steady progress in more conventional metrics such as the financial report card has been evident. At the smaller companies, who for the moment lack any form of consistent income and can often be overlooked, we also see a maturing of their potential. We see many statistics on the industry that confirm this with a recognition that, in aggregate, the past years of heavy research and development spending are beginning to be reflected in rising sales and the promise of more widespread profitability.

Public Biotech - Sales and R&D



Source: Ernst and Young

Overall the health care sector is a very close network, in which pharmaceutical companies are looking for new products to add to their sales bag and biotechs look for partners to complete the development and assist with marketing and selling a drug. Business development and alliance management at both pharmaceuticals and biotechs, are significant parts of a company's strategy and much more thought and resources are being allocated to the due diligence process. Big pharmaceuticals are discovering more and more that the biotechs have matured to a point where they can negotiate astonishing terms for their deals. Quite often they are looking at an assessment of the whole company as an investment rather than an individual drug program. Perhaps not too dissimilar to our objectives and approach.

We might also wryly observe that when we ventured to mention to big pharmaceuticals some years ago that they might one day be interested in the biotech world, we invariably received a torrent of advice that only 'small molecules' would be economically viable and that these 'large molecule' biologic products would only ever exist as a niche. Similarly, had we mentioned involvement in promoting generic products we would have found the meeting suddenly rather chilly, if not closed. Some rather innovative deals have recently been concluded with the generic 'enemy'. Our point being that these 'monolithic' big pharmaceutical companies are showing healthy signs of adapting, despite the negative rhetoric and the concerns of the current environment.

OUTLOOK

Medical and scientific conferences will provide a showcase for new developments over the next months and the assessments by the regulators will continue to help us understand their approach to new drug applications. Towards the middle of this year, vaccines will take center stage when the FDA will assess the cervical cancer vaccine developed by Merck/CSL. Therapeutic vaccines, such as cancer vaccines, are an approach that many hope will be available to patients in the future but so far success has been limited. With the Merck/CSL and also the GlaxoSmithkline cancer vaccine nearing potential approval, a new class of vaccines may gain more attention.

Results of the first quarter for many health care companies will be carefully monitored to see what impact the introduction of the Prescription Medicare Benefit Plan in the US may have had or will have. Similarly, focus remains on the introduction of several generics throughout the year as their introduction will impact many companies. In particular, the class of cholesterol-lowering drugs will see dynamic changes as a cheaper copy of the popular drug Zocor becomes available. Healthcare Plans in the US already encourage physicians whenever possible to switch the patient towards generics.

The FDA will remain under close scrutiny as its new Commissioner is now fully committed to the agency. There are several drugs awaiting approval with possible side effect issues. Guidelines on how to get cheaper copycat biologics approved are still outstanding and eagerly anticipated. In Europe, Biogenerics are also on the agenda and further decisions are anticipated this year.

The medical device sector is also closely watched as pricing issues become more widely discussed and consolidation is seen as a possible solution. However, companies have maintained relatively high valuations which has discouraged our participation.

Simon Trevett & Bianca Elzinger

PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi
Portfolio Manager

PERFORMANCE

During the quarter the Fund rose 12.4% compared to an increase of 7.6% in the MSCI World Information Technology Index (in A$ terms) and an 8.8% increase in the MSCI Telecommunications Index (A$).

Within the technology arena, semiconductor stocks were down 2.9% and software stocks were slightly up (+1.4%). Hardware and equipment stocks were strong (+9.8%), while telecommunications showed signs of recovery (+5.1%) after a prolonged period of depressed performance.

Over the last twelve months the Fund rose by 34.1%, compared to an increase of 29.1% in the IT index and an increase of 14.2% in the Telecom index. The "tech-heavy" Nasdaq Composite Index rose 18.0% (in US$) or 27.4% (in A$ terms).

The Fund had another solid quarter with strong performance from Adva (optical networking, +62%), Zarlink (communication semiconductors, +43%), Amdocs (communication software, +32%) and Nintendo (games platforms, +23%).

On the negative side we had some disappointments with some of our small Indian holdings and weakness in our large Korean stocks (LG Electronics and Samsung Electronics) which we believe to be temporary.

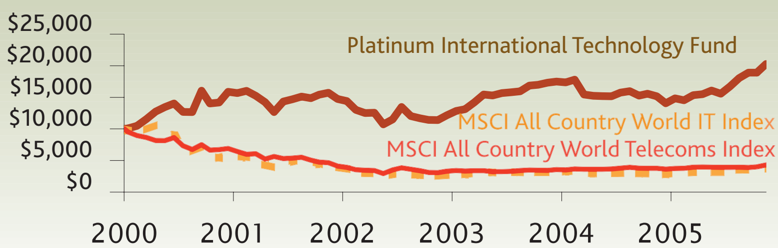
Additionally, the weakening of the A$ against the US$ (-2.2%) and Japanese yen (-2.7%) added to the Fund's performance.

DISPOSITION OF ASSETS

REGION	MAR 2006	DEC 2005
OTHER ASIA (INCL KOREA)	29%	30%
JAPAN	20%	23%
NORTH AMERICA	19%	18%
EUROPE	12%	12%
CASH	20%	17%
SHORTS	5%	4%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 MARCH 2006



Source: Platinum and Factset. Refer to Note 2, page 40.

CHANGES TO THE PORTFOLIO

Last quarter we described our investment in Suntech Power Holding, a China based photovoltaic cells manufacturer. While we are generally long-term investors, we (happily) decided to exit the entire position after the stock nearly trebled (from $15 to $43) within a month from our initial purchase. A strong oil price and a euphoric climate towards anything solar, pushed many stocks in this area to unsustainable valuation levels. In the meantime, new competitors are trying to enter the industry, and scarcity of silicon may start to have a negative impact on costs. While we still think that alternative technologies will eventually be necessary to replace increasingly expensive fossil fuels, we decided to leave and to reassess potential opportunities when valuations become more attractive.

COMMENTARY

Investment Stories - AMD

After nearly six years from the initial investment the Fund exited its entire position in Advanced Micro Devices (AMD). We largely built our position between 2001 and 2002 at an average price of $15, and during last quarter we sold the last holdings at $34. We considered that the risks associated with AMD's current valuation were high.

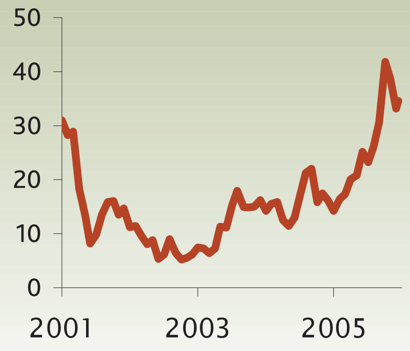
When the Fund first established a position in AMD, the stock market was quite certain that it would be crushed by industry's behemoth Intel. After all, what sane company would make it its mission to take on the giant Intel in producing central processing units (CPUs) for computers. The foolishness of this effort seemed hard to overstate. Intel had formidable intellectual property and had spent several billion dollars building state-of-the-art chip fabricating plants (known as "fabs"). Finally Intel had a sole-supplier agreement with Dell, the leviathan of computer manufacture and distribution.

Looking back, there were several milestones along the way that confirmed our faith. Despite its underdog status, AMD recruited several world leading experts to its cause. It was also the first company to introduce a chip breaking the gigahertz barrier (a chip capable of processing a billion pieces of information at a time). Moreover, its chips were widely preferred by the most demanding customers: the PC gaming community. Finally AMD had also formed a R&D joint venture with IBM, arguably the world's leading semiconductor manufacturing technology expert. Around three years ago, AMD was confident enough of its technology and had a daring change in strategy; it decided to target the heartland of Intel (the most lucrative high end market). At that time there were plenty of doubters but eventually its gamble paid off: AMD's processors are now increasingly acknowledged as superior in terms of performance and power consumption compared to the equivalent Intel chips. The results are also evident in AMD's rising market share and profitability.

AMD was not an easy investment. At times, there were articles in the financial press and by Wall Street analysts predicting its demise. Yet, by being a nimble challenger, AMD survived and is now thriving.

After four years this stock worked well for us. Picking stocks is not just about analysing the accounts. In this case it was about analysing the product, its customers (often someone playing computer games) and the likely reaction of competitors.

AMD (US) - 5 YEAR PRICE HISTORY



Source: Bloomberg

ORACLE

The Fund recently initiated a position in Oracle, a leading provider of database and enterprise management software (accounting, supply chain, customer relationship etc.)

When we first looked at the company it appeared to be a paradox. Oracle has a lot of characteristics that would lead one to conclude it is an attractive company. Consider that 40% of all electronically processed transactions in the world are handled with Oracle's database software. It has a strong history of innovations and its business is highly cash flow generative and extremely profitable. In a world increasingly dependent on digital information, Oracle is going to be a beneficiary of the digital migration trend and society's growing data intensity. Yet, partly due to a period of prolonged slow revenue growth post the year 2000 tech bubble, Oracle is valued by the stock market as though it has lost its growth credentials.

The market dislikes the fact that Oracle spent close to $20 billion to acquire several enterprise applications companies. Oracle harbours the ambition to create its second franchise and challenge the industry leader, SAP, in the process. While the market is probably correct not to under-estimate the difficulty of the task ahead, Oracle has in fact consolidated the enterprise applications market. Behind SAP (60% market share) Oracle is now a strong second player with 24% market share. Microsoft is third but so far has directed most of its effort to the small business segment. Such a concentrated market surely cannot be a negative for price discipline and stability.

Anecdotes suggest that Oracle has handled its various acquisitions quite well and that customers are happy with its new strategy and focus. We are also seeing encouraging progress in its application license sales. It appears that Oracle is indeed on the way to establishing its second franchise. We believe that Oracle can develop into an even stronger software vendor in the medium term.

Investment Philosophy

Both the AMD and Oracle investment cases are illustrative of our investment philosophy at work: search for "neglected" stocks and for the inherent gap between value and price. Searching for neglect does not mean we have to settle for lesser companies. Sometimes neglect may just be the result of the market apportioning the wrong weighting to certain important factors. Our efforts go in the direction of identifying these discrepancies.

Once the stock is discovered and the potential of the company is acknowledged by the market, we generally enjoy the ride as new passengers come on board. When the space becomes over-crowded and valuations reach unsustainable levels, we are happy to leave in search of new ideas.

OUTLOOK

The long-awaited launch of the new Microsoft Windows Vista has been unexpectedly delayed by a few months and it will now miss the critical Christmas season. This will likely have a moderating effect on consumer PC demand for the rest of the year as many will wait for the new software release to upgrade their PC/notebooks.

However, the increase in adoption of flat panel TVs, replacement of mobile phones and general demand for "mobility" products (notebook, handsets and MP3 players) is expected to be strong and should help sustain technology stocks.

After a protracted period of depressed sales, the software sector has started to see initial signs of recovery and we are confident of further strength.

Capital expenditure on telecom equipment is expected to continue on its recovery path, driven by continuous progress in wireless and broadband communications.

Alex Barbi & Douglas Huey

MEKONG - JANUARY 2006

The anxious throb of the engine and the clatter of the camera - toting passengers is the only evidence of modernity as we swiftly pass jagged rock protrusions scattered along the edges of the waterway. At the higher reaches, the Mekong, an oily grey-brown, flows apathetically through winding, hilly country.

Evidence of man is scant. Occasionally the forestation on some steeper slopes still bears the deep ochre slashes of clear-felled harvesting, while the silica sandy alluvial banks sprout the green shoots of recently planted groundnuts. We pass what seems to the city-harassed mind, idyllic thatched settlements of 12 to 20 buildings and then on down this gradually broadening highway of South East Asia.

Meeting large craft is rare. On the shore can be observed the occasional wooden long boat (canoe) used by the fishermen to tend their lines and nets that hug the shoreline. These can be identified by long bamboo poles that float diagonally from rocky outcrops and are punctuated by a float, usually an empty plastic bottle. Alternatively there are slender bamboo rods that hang over the water, suspending invisible triangular nets. How any fish survive this gauntlet of traps is a mystery, for throughout our 300km journey downstream we surely saw the tell-tale bobbing bottles or elevated rods every 200 to 250 metres on either shore.

Puzzling is the extreme absence of people, no children swimming, nor playing on the shore - yet nets everywhere. Nor did we spot the gold panners who are said to be active during the low season. Just as we were luxuriating in the tranquillity of this beautiful setting, the approaching whine of a high-powered tail boat yelled for attention. Backpackers delight in their speed as they triumphantly fly by, waving merrily, faces masked by crash helmets! We stopped off at two villages on the Laotian shore on the way south. It is a simple procedure; the vessel is nosed into the silty bank, secured to a protruding rock, a plank lowered and we trample ashore, no fuss, very efficient. These villages are still authentic, receiving relatively few visitors, no electricity and hence nearly all activities are done the (hard) old way.

Our immediate destination is Luang Prabang, situated at the confluence of the Mekong and Nam Khan. As the ancient capital city of the Lao, this small city has been proclaimed a world heritage site by Unesco. It is a quaint, quiet place of only 30,000 inhabitants and displays an interesting range of Lao and French colonial architecture. Traffic is restricted, leaving the streets delightful for walking and cycling - bikes for $1 per day. (Accidents by enthusiastic tourists caused the banning of motor scooter hire!).

There are plenty of temples to see including the stunning and intimate Wat Xieng Thong, that dates back to 1560. It has the classic Lao design of multiple roofs and exquisite stencilling of gold motifs against a black or brown background. The arrival of the Black Flag How (Chinese pirates) up the Mekong in 1887 saw the razing of the city with the exception of Xieng Thong, for their leader was said to have studied in this temple as a novice.

Those with a weakness for fine fabrics will revel in the choice of intricately woven or embroidered silk shawls, hangings and bed covers. There is also some fine silver-smithing.

Our next leg may not suit all. We motored for over seven hours to reach the city of Phonsavan and the Plain of Jars. It is not a great distance - 275km, but the fully tarred road carries one through mountainous terrain with countless hairpin bends. We enjoyed seeing the villages which tend to be located on high ground beside this arterial route to the east. To combat the damage caused by the pursuit of the traditional migratory slash-and-burn agricultural practice, the government is trying to consolidate settlements. Land is available for free so long as settlers follow the prescribed guidelines regarding carefully delineated uses of land: part of a settlement is set aside for natural forest, some for grazing, some for crops and so on. There are two distinct styles of housing, the Lao Loum favouring elevated houses on teak stilts, enclosed with reed or bamboo matting, while the Mong favour houses on the ground with brick or stone foundations and timber planking to enclose.

At this time of year, the villages cut and collect the coir-like grass that they beat mercilessly against rocks or stumps to release the seeds before leaving it to dry on the roadside. Apparently they earn 5,000 kip per kg or approximately $US50 per tonne for export to China. A lot of work for little reward! Life in the countryside is still remarkably rudimentary though electricity is now being made available. We were told at one village that it is supplied at a fixed price of approximately US50 cents a month.

As we moved eastward, the terrain gradually flattened and we encountered pine trees and an increasing number of rice paddies. Farmers were evidently better off judging from the use of two-wheeled Chinese-made tractors and motor cycles. The forests thinned and on the slopes there is greater evidence of clear logging. There were charming anomalies with truly vast trees surviving on the crest of hills. Hoping that these monsters had survived because of some ecological conscience, our guide soon straightened us out, claiming that without power tools, some were just too big to tackle. Even so there is a concerted effort to replant but to our dismay we observed the introduction of the water-guzzling Eucalypt …

The Plain of Jars is intriguing in two respects. Firstly there is no conclusive evidence as to the age or purpose of these large receptacles. Most are hewn out of solid rock - the largest estimated at 600 tonnes and measuring 275cm long and 235cm across, some are made of a conglomerate of buffalo skin, sand and tree resin. They are said to be 2,000 years old and tend to be on higher ground than the surrounding paddy fields. There are some 28 sites with the greatest concentration at three colonies, the biggest comprising over 300 vessels, dispersed in an almost random manner. Some suggest they were made to store rice wine, while in the 1930s a French archaeologist concluded they could in some cases also have been burial urns. The lack of organic matter leaves most experts confused. Gigantic lids are still in evidence, while some jars have been split by bomb damage or from trees, as saplings have enjoyed the comfort of well-watered roots to grow into large trees.

The second intrigue was the bombing of this great plain with its occasional hilly outcrops. A home to the Pathet Lao forces during the 1960s and '70s, it received special attention for carpet bombing. What this was supposed to achieve on rural land with no infrastructure other than a few short wooden fording bridges, can only be explained by a military mind. During the secret war, the US dropped some 1.9 million metric tons of bombs on the Lao (as well as plenty of defoliants) who then numbered 3 million! One is forced to wonder whether love administered in like proportions might not have achieved more … a question I ask myself every day, when nations bumble on repeating the same old errors and fail to learn from the ghastly mistakes made by themselves or the previous great power in its day.

All was not in vain, however. Today one can observe 155mm houtzer propellent canisters being used to support buildings, and recovered unexploded 1,000kg bombs seem to double nicely as fencing posts - 9 feet tall, though a little bulbous in the middle and still bearing a generous message from the donor. Villages too have been saved the inconvenience of digging their own ponds - once a 1,000kg present has been delivered. On hillsides out of former craters have sprung green copses of pines. The unfortunate consequence for visitors is that care still needs to be taken when touring this area not to stray from the MAG markers. Even now unexploded munitions mutilate and kill. Fortunately international aid is progressively removing this hazard.

From Phonsavan we flew south to the Lao capital, Vientiane. Time permitted a Lao foot, leg and body massage. A great joy to masochists but to be avoided by those who prefer gentle soothing jollies. Based on reflexology, this form of torture begins with the manipulation of the entire foot to open the pathways to vital organs, heart, kidneys, brain - everything. The foot is traumatised for at least 45 minutes, during which your tormentor leers at you with a knowing look, in the hope of an early confession.

Courage and endurance were drawn from having met a serial user who gushed about its benefits, and the fact that others in the open plan salon seemed to show only pleasure and contentment. I tried to find distractions - refusing to acknowledge his expertise - which he assured me had taken three years of intensive training to master. Other things helped too. The first was the error of hope telling myself "this can't last much longer", rather like a bull investor enduring a bear market. Secondly, by using the mantra "this is gooood" I drifted into a state of hallucination understanding why the CIA had issued suicide capsules to their operatives when fighting the Pathet Lao.

The next stop was a direct flight to Siem Reap in Cambodia. Assured the previous day that our flight was confirmed and needing to rise at 4:30am, it was a little tiresome to find the list of 27 passengers made no mention of us. Cunning plans were devised to make the most of this distraction, incorporating 8 hours in Bangkok for a late evening arrival in Siem Reap, the city adjacent to the Angkor Complex of Temples.

Ranging from the 9th to the 12th centuries, these surviving remnants of early Khmer civilization are incredible. Fortunately Buddhist monks continued to use and preserve the largest temple, Angkor, subsequent to the shift of the capital city at the end of this period. (Like contemporary structures such as the great cathedrals of Europe, the structures of Cusco and elsewhere in south and central America, are a stark reminder that faith can indeed move mountains). The French have done a fair amount of conservation work in the last 100 years - which helps one to visualise the extent and nature of other temples that have been partially digested by the forests. The original palaces and state buildings, being made of wood and sometimes carrying tiled roofs are, of course, long gone. Presumably the relatively clean air protected the sandstone temples, with their wonderful bas-relief murals and inscriptions from erosion. Unfortunately the inscriptions tell us little about the day-to-day lives of the Khmer some 1,000 years ago but the reports from the Chinese emissary are an important source for understanding the latter days at Angkor.

Even if you are not overly keen about viewing "broken-down real estate", it is fun to see the surrounding countryside and the lake of Tônlê Sap which expands seven fold during the monsoon flood. The water level changes by at least 10 metres from low to high season. To deal with this massive shift in arable land, the locals live on boats or flimsy wooden homes that they can pack and move as the shore shifts by literally kilometres.

Unlike Laos which receives some 200,000 tourists a year, Angkor is now a busy tourist destination, receiving a million visitors a year. This makes one more prone to crowd control issues but as the wealth of Asia grows, one imagines it will only become more

popular. It is very hot and clear at this time of year but our guide thought visiting in the rainy season has merit because of greater cloud cover and perhaps lower temperatures; apparently the heavy rain is mostly at night.

In this part of the world one can travel very lightly and inexpensively. Though remote, mobile phone connections are good. For inspiration we never leave home without a copy of "The Lonely Planet" for the country concerned. If this sounds like the sort of holiday you enjoy, go soon. Your hosts can do with the money and still value your custom. Go before sections get cordoned-off, and you have to see from afar.

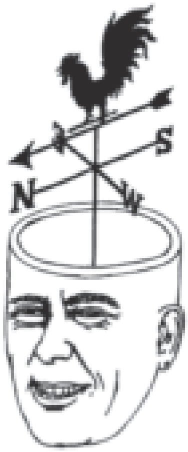
Kerr Neilson

"I'm sorry Parker, but I don't think it's confusing enough."

"The quarterly earnings don't look good. We seem to be in a bit of a slump."

"It's a good idea to tip first. That way I know what level of service you expect."

CURIOUS INVESTOR BEHAVIOUR No. 8



Availability bias:

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

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

Do you allow the limelight to influence your choices?

Platinum®
ASSET MANAGEMENT

www.platinum.com.au | 1300 726 700

CURIOUS INVESTOR BEHAVIOUR No. 9

Over-confidence:

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

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

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

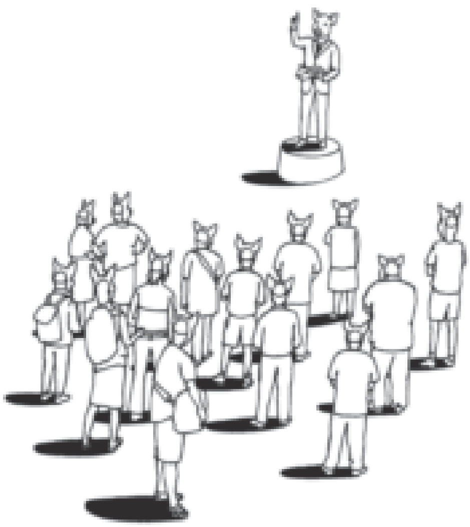
Platinum®
ASSET MANAGEMENT

www.platinum.com.au | 1300 726 700

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 offers financial products. The current product disclosure statement (PDS No 6) is available at www.platinum.com.au or via 1300 726 700. You need to consider this PDS in deciding whether to acquire, or continue to hold, units in the Platinum Funds.

This advertisement does not take into account the investment objectives, financial situation and particular needs of any person. Before making an investment decision you need to consider (with your securities adviser) your particular investment needs, objectives and financial circumstances. Platinum is a member of the Platinum Group of companies.

CURIOUS INVESTOR BEHAVIOUR No.10



Herding:

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

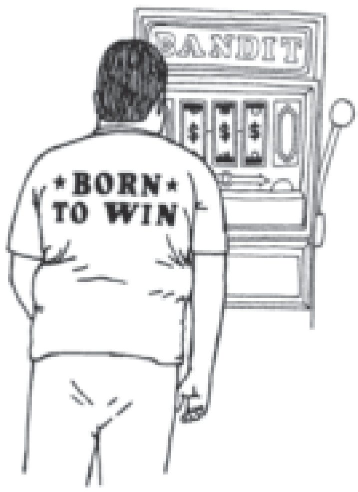
Sadly, herds are ruled by the majority, so the prevailing mood predominates. It takes a healthy dose of scepticism and nerves of steel to resist the temptation to run with the herd.

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

Platinum® ASSET MANAGEMENT

www.platinum.com.au | 1300 726 700

CURIOUS INVESTOR BEHAVIOUR No.11



Self-attribution bias:

A trait known as self-attribution bias presents a serious challenge to learning. It refers to situations where we attribute good outcomes to our skill, and bad outcomes to misfortune.

For example, a random streak of luck in the market can fuel a belief in our ability and lead to us taking more and more risks – until, inevitably, our 'fortunes' are reversed.

If we put our mistakes down to bad luck, what hope do we have of ever learning from them?

Platinum® ASSET MANAGEMENT

www.platinum.com.au | 1300 726 700

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

(Note. 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. 6 (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's web site, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. You should consider the PDS in deciding whether to acquire, or continue to hold, units in the Funds.

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

Platinum is a member of the Platinum Group of companies.

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$20 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