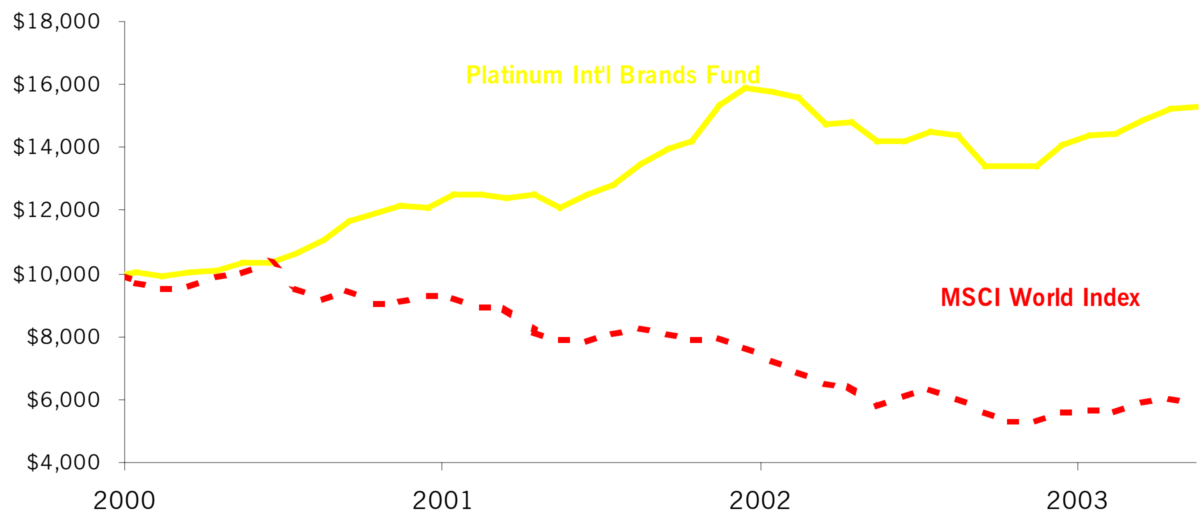
Platinum International Brands Fund

Performance

REDEMPTION PRICE: $1.3973

VALUE OF $10,000 INVESTED SINCE INCEPTION (18 MAY 2000 – 30 SEPTEMBER 2003)



Source: Platinum and MSCI

Refer to Note 1, page 4

The Platinum International Brands Fund rose 12.3% during the quarter. The fund's performance was above both that of the MSCI World Index (3.9%) and also that of our internally generated proprietary index of branded goods (2.0%). This was achieved primarily by our European holdings.

In Europe, our investments in Clarins (+37%), Douglas Holdings (+30%) and Wolford (+51%) were standouts along with support from our holdings in Lindt and Spruengli, and Henkel. Offsetting these positives, Adidas Salomon one of the fund's top 5 positions, was flat over the quarter and Michelin fell in value.

The difference in performance amongst branded goods companies generally, and in particular those domiciled in either the US or Europe, relates in large part to the exposure of the individual businesses to the US consumer and the increasing cost of competing in that market. We discuss this in more detail below. There was a trend in the market for stronger performances from those high-end luxury goods companies that have material operations in Asia, with a bounce back in both their businesses and share prices, following an easing of the 'Sars virus' related fears.

In Japan Citizen Watch (+30%) and Sky Perfect Communication (+64%), two of the funds top five holdings, performed well offset by a flat performance by our position in Canon. Our investments in companies elsewhere in Asia also made a positive contribution to the result.

Our short positions contributed virtually nothing in the quarter.

Changes to the Portfolio

We have added to a number or our positions in Europe, Japan and Asia whilst also increasing the short position of the fund. Our overall net invested position remains unchanged at 66%.

In India, we have started to invest in a number of their branded goods companies. Whilst these may not be household names to many of us, they nonetheless enjoy the position of leading branded goods companies within that region. We will undoubtedly have more to say on these companies in future reports once we have established the positions.

In the quarter, we initiated an investment in Fielmann AG a discount spectacle and lens retailer in Germany. Fielmann enjoys a long-standing market leading position in Germany and is rapidly developing its position in neighbouring countries. Fielmann built this impressive position through offering an extensive

range of quality spectacles at the lowest price points. We wouldn't argue that providing spectacles at the lowest prices wasn't a major contributor to their success, however we would add that increasing the range (in the late 70s, early 80s) from a scant half a dozen to many hundreds greatly appealed to the consumer. To achieve this departure from convention, Mr Fielmann headed east to China and more recently (mid 1990s) to East Germany to source his product. The company has now accumulated over twenty years of experience and relationships buying from within China, underpinning their offering of quality at the lowest price.

DISPOSITION OF ASSETS

Region	Sep 2003	Jun 2003
Europe	49%	43%
Japan	20%	17%
Other Asia (incl. Korea)	10%	8%
USA	3%	3%
Cash and Other	18%	30%
Shorts	16%	5%
Net Invested	66%	66%

Source: Platinum

Germany is a heavily subsidised market and the current initiative by the German government to contain their health care costs through reductions in rebates has had an adverse impact on the Fielmann stock price, providing us with an opportunity.

Towards the end of the quarter we increased the short position in the fund from 5% to 15%, all of which was executed in the US. Anheuser-Busch, Harley-Davidson and the US retailer Best Buy were the new names on our list of short sold stocks.

Best Buy is the largest specialist retailer in the US of consumer electronics. The company grew rapidly over the past decade through opening large sized stores, there are now signs that the availability of attractive new locations for this format may be limited. The company is experimenting with smaller format stores, a departure from it's proven format. Meanwhile, Wal-Mart continues to enjoy strong consumer electronics sales and is happily expanding it's range in this area, including digital cameras and large tv's, in many cases at an even lower price. We do not believe that Best Buy's high valuation adequately reflect the risks the company faces.

Commentary

There are two themes that occurred consistently through out the quarter, the rising cost of competing for the incremental consumer dollar in the US and the building trend of seeking out growth opportunities in the East.

We have previously discussed our concerns regarding the indebtedness of the US consumer, retail trends favouring the discounters, and the rising propensity of a sufficient number of consumers to seek out better value products. A year ago we commented that the US consumer had shifted their focus from high priced marque sneakers (US$200+) to those in the US$90-120 price range whilst continuing to demand performance and innovation. Recently, Adidas noted that the US consumer was buying at the US$50-80 price range and that this would obviously impact on the performance of their US business as they continued to adjust to the lower price points. Adidas is not alone in observing these trends.

We would also point to another telling sign of rising competitive tensions, the use of lawyers. Gillette is suing Energizer Inc for patent infringements, Energizer having brought competition to Gillette in razors through their purchase and reinvigoration of the Schick brand. Energizer is counter suing Gillette for their " misleading" use of the *"Best a Man can get"* advertising tag lines. Of course, this 'dance of the lawyers' has been a long-standing feature of that market and more than likely this is merely just another distraction, albeit it perhaps highlights that no market dominating position is really unassailable despite what Gillette would have had us believe over the past decade.

We have written of Kellogg in past reports and continue to follow that business with keen interest. We were intrigued to follow up on their statements in presentations to the investment community that they could 'add value' to the consumer by selling them less! In their example, they highlighted the introduction of a 12oz box of Special K with red berries to compete with their 25.5oz box of Raisin Bran, at a higher price per box! The box itself is not half the size, allowing for greater 'shelf presence' and the impression of greater value.

Mathematically, this could result in doubling the revenue/unit and increasing the gross profit by a significant double-digit percentage. If only it were that easy.

Consumers have learnt the lesson many times over, companies love to sell that most profitable commodity, 'air'. Elsewhere in their business Kellogg does acknowledge the consumer's propensity to be swayed by discounting, with their major competitor (Kraft) in the 'cookie' category heavily discounting one of America's favourite brands, 'Oreo's'.

It does strike us as a high level madness where the head-office is losing touch with the consumer, particularly in their ability to pay and their rising propensity for searching out the discounts. Worse still, the company's presentation to analysts has a 'Monty Pythonesque' touch; … *pay more for less and no-one will notice*……

The other recurrent theme evident to us was the discussion by a wide range of branded goods companies of the need to expand their operations outside of the Western markets. In many instances this relates to the 'discovery' of the high growth rates of the Russian and other former Soviet Union markets.

Proctor and Gamble cites Russia as now the company's fastest growing market and are lifting their investment levels in the quest for growth. The beer companies have continued their acquisition strategies as they pursue opportunities from Croatia to Algeria, while commenting on the compelling long-term opportunities still to be found in India and China.

Wolford's best performing outlets, on any possible measure, are the ones in Moscow. The colouring of the grey city has seen Wolford open more outlets in Moscow than in any of the leading fashion centres across Europe. Additionally, their boutiques in holiday destinations such as northern Europe and Spain have seen the positive impact of the Russian traveller. This looks set to continue in the near term as the Russian economy benefits from the flow through of selling oil at higher prices.

Outlook

We don't believe that the outlook has changed substantially in the US, despite the best endeavours of the US government to keep their consumer spending. Debt levels of both the consumer and the companies, unemployment and the increasing cost of competing, conspire to make us wary of the high valuations in that market. It is nonetheless possible that valuations continue to rise as companies and consumers benefit from lower interest payments and that the higher earnings from offshore businesses underpin corporate profits.

We too are focussed on moving East and will continue to seek opportunities in Asia, particularly Japan and India. The luxury branded goods companies should also continue to enjoy a bounce back in their Asian and travel related businesses. Two thirds of BusinessWeek's annual ranking of the world's most valuable brands are US based companies, with Coca-Cola once again topping the table with a modest 1% increase in brand value. Korea's Samsung, a fund holding, showed a spectacular 31% increase in brand value lifting them to 25th spot on the rankings. Achieving the largest percentage gain in brand value of any of the top 100 brands and remarkably doubling their brand value in just three years. A timely reminder to us that we should continue to search for interesting investment opportunities beyond the more obvious chart topping US icons.

Simon Trevett
Portfolio Manager

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

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2. NOTES

(a) The returns represent the combined income and capital return for the specified period. They have been calculated using withdrawal prices, after taking into account management fees (excluding any performance fees), pre-tax, and assuming reinvestment of distributions. The returns shown represent past returns of the Fund only. Past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, returns can be negative (particularly in the short-term).

(b) The investment returns depicted in this graph are cumulative on A$10,000 invested in the Fund since Inception relative to the its index(in A$) as per below;

Platinum International Brands Fund:

MSCI World Accumulation Net Return Index in A$. The inception date of the fund was 18 May 2000.

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