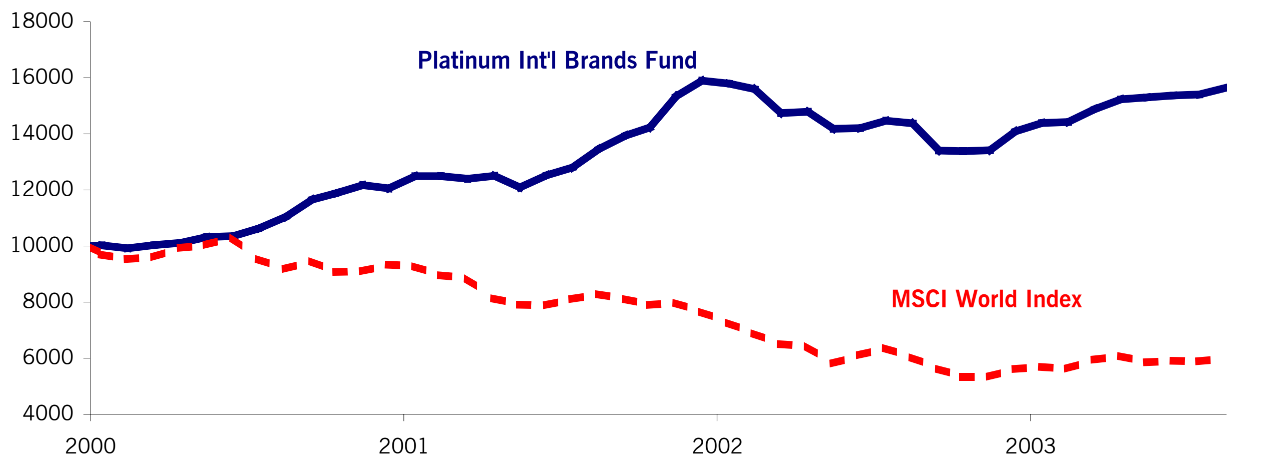
Platinum International Brands Fund

Performance

REDEMPTION PRICE: $1.4288

VALUE OF $10,000 INVESTED SINCE INCEPTION (18 MAY 2000 – 31 DECEMBER 2003)



Source: Platinum and MSCI

Refer to Note 2, page 5

(As at 31/12/03)	Fund Size	Quarter	1 year	2 years (comp. pa)	3 years (comp. pa)	5 years (comp. pa)	Since Inception (comp. pa)
International Brands Fund	**$94mn**	**2.25%**	**15.21%**	**11.19%**	**14.63%**		**15.02%**
MSCI* World Index		2.65%	-0.52%	-14.88%	-13.19%		-13.15%

* Morgan Stanley Capital International

Source: MSCI and Platinum

Refer to Note 1, page 5

Following on from last quarter's strong performance (+12.3%), the Platinum International Brands Fund's performance this quarter was a more subdued 2.3%. The Fund lagged the MSCI World Index (2.7%) but was ahead of our proprietary index of branded goods (+0.1%).

A number of the stocks that had strong runs in the last quarter suffered some modest pullbacks; for example, Sky Perfect Communications fell 7% in the quarter after an exceptionally strong 64% in the prior quarter. Overall our long positions performed positively. They were offset by losses contributed by our short positions and the strong A$.

We have previously described our thinking regarding the perilous state of the US consumer's balance sheet and the rising costs for companies competing in that market. As we write, there are regular press and analyst reports speculating on the strength of the Christmas shopping season and the impact of influences such as the weather, discounting strategies and the rising costs of commodities and energy.

DISPOSITION OF ASSETS

Region	Dec 2003	Sep 2003
Europe	49%	49%
Japan	19%	20%
Other Asia (incl. Korea)	20%	10%
US	2%	3%
Cash	10%	18%
Shorts	13%	16%
Net Invested	77%	66%

Source: Platinum

We believe that at these valuations there is little room for disappointment and have maintained our short positions despite the continued upward drift in valuations and seemingly ubiquitous optimism in the ability of the consumer to continue to spend relentlessly.

Stand out performances from two of the Fund's top five holdings, Citizen Watch (+18%) and Adidas (+20%) were supported by strong gains in our investments in Indonesia and India. Wolford, having run up 52% in the prior quarter, continued to sell our position into this strength.

Changes to the Portfolio

In Europe, we added to our position in WH Smith Ltd, the UK high street retailer and established a new position in Beiersdorf. Vigilant readers may recall that we owned this stock briefly a year ago and sold our position during the excitement of the speculation of a takeover by Proctor and Gamble.

In Japan, we have made modest changes to the portfolio with the addition of Fuji Photo Film Co and Ajinomoto Co while selling out of our position in Toshiba. Overall though the weighting of the Fund in Japan has been consistent at about 20%.

Our weighting to Asia, specifically India, has increased appreciably as we have built on our positions in some of their leading branded goods companies. Our investment in India has increased from less than 5% of the Fund to approaching 15% and will remain an area of focus for the Fund.

Commentary

In our last report, we commented that we had started to invest in a number of local branded goods companies in India. The usual list of multinationals has been present in India for many years, diligently building brand awareness and developing mass marketing techniques with varying degrees of success as they grappled with the diversity of the population (geographic, economic and social standing). Nonetheless they have been gradually developing the strong foundations of brand recognition and value while building distribution infrastructures. Unilever started shipping crates of Sunlight Soap in the summer of 1888 embossed with “Made in England by Lever Brothers”, formed Lever Brothers India Limited in 1933 and finally Hindustan Lever Limited in 1956. Despite Hindustan Lever being the largest and most developed branded goods company in India, we have found more compelling investment ideas amongst the local brand names. Amongst others in the portfolio, investments such as ITC (Indian Tobacco Corporation) and Asian Paints are good examples to showcase.

Asian Paints is by far India’s largest paint company and is emerging as a leading international manufacturer, ranking in the top ten global decorative paint companies. The international operations, which have grown to be 20% of total sales, have been built through acquisitions such as Berger International giving the company the right to use that brand name in over 70 countries.

Four Indians founded the company in 1942 at a time when the Indian paint industry was concentrated in urban areas and dominated by British manufacturers. As a fledgling operation competing with the British, the company turned to the unloved rural market, building a distribution system that could handle the low order volumes and high refill cycles over a significant geographic spread. This built loyalty with the Asian Paint dealers, allowing them to survive and flourish through times of typically very tight credit. Gaining confidence, the company pioneered the use of mass-market advertising of paints to build their urban share, achieving market leadership in 1967. Today it is more than twice the size of any other paint company in India. The drive of the founders has not been diluted by the success of the company; state of the art manufacturing techniques and a strong focus on R&D are central to meeting the opportunities for further success both domestically and internationally.

ITC (Indian Tobacco Corporation) is the leading Indian cigarette company with a 76% market share driven by strong brands. ITC has a very defensible market position, India having similar advertising and health warning standards as the Western world making it essentially impossible for a competitor to use widespread media to launch and build a competitive brand. Further, in India 45% of cigarette consumption (by volume) is based in the rural regions (600,000 villages that account for 60% or 600mn of India’s population), and 75% of all cigarettes are sold as single sticks via small kiosks. Again, the ability to build a distribution system that can supply small quantities over a thinly spread population base that is poorly served with transport infrastructure is key to the success of the company and difficult to replicate.

The Indian cigarette market is comparatively small, the Indians spend less than half that of the Chinese on tobacco consumption and of that, half the Indian consumption is in “bidis” – the hand rolled market that retails for around a 10th the cost of an ITC cigarette. The "bidis" market is currently untaxed providing a significant price advantage, clearly any move by the government to extend taxes to the "bidis" would provide a significant opportunity for ITC.

The company is progressively investing the strong cigarette cash flows into lower return activities such as rural commodity distribution/marketing, paperboard/packaging, hotels, retail and consumer food products. Investors have generally viewed this negatively - we have adopted a more benign view as most of these activities are now paying their own way and some are not without merit.

The best example is ITC's e-choupal (meaning meeting place) initiative. An e-choupal kiosk contains an internet enabled computer located at the village market that provides the local farmer live local, national and international prices for key crops. As always, market information has value and providing the farmers with the means to directly monitor crop prices should also facilitate a fairer outcome. In return for providing this, ITC is able to gain preferential access to the marketing of these crops for national and export markets. This may represent the beginning of a major upgrade to India's crop handling infrastructure with benefits to both growers and consumers.

We think that all these factors combine to make ITC an interesting investment with very good leverage to an improvement in rural prospects following the recent good monsoon.

Moving to Europe we have taken a position in Beiersdorf, perhaps better known for their Nivea brand. Toby Harrop wrote in our March quarterly report of the distress in the German financial markets which in itself gave rise to several opportunities for us. Allianz, the large German insurer, owned 44 percent of Beiersdorf and made the (clearly distressed) decision to part with an investment that it has held since 1937 and had acquired from part of the founding family. The Tchibo group, a private family company known for their "Tchibo retail outlets" held 30% of Beiersdorf and as we described last year, Proctor and Gamble was circling. On the sidelines was Henkel, who made no secret of their interest in the company. The Claussen family, with links back to the founders held 10%.

As a reluctant seller, Allianz was seeking E160 to E180 per share, significantly higher than the market price and we suspect a price designed to test the proclivity of Proctor and Gamble to pay outstanding prices for businesses that can progress their ambitions. Relevant to the final outcome was the resolve of the German corporate world to resist US acquisition ambitions, something that should not be underestimated.

Meanwhile, the Tchibo group was engaged in their own internal family disputes about the control and management of their own company and in any case had insufficient funds to complete the deal with Allianz.

We had all the ingredients for a terrific story of family and corporate intrigue. As it turned out, the Tchibo group sorted themselves out, brought in an experienced CEO and pulled together a plan that satisfied Allianz at E130 per share. Tchibo now own 49% of Beiersdorf. A group of investors in Hamburg, (including the local government) has taken a 13% stake in the company while Beiersdorf has agreed to buy 7% of its own shares from Allianz. Allianz was left with a 3.6% stake. Deterring foreign predators is one thing, but families getting on with each other is another and just recently the Claussen family has exercised a pre-agreement with Allianz to sell them a 4% stake in Beiersdorf for E130, taking Allianz' stake back up to 7%.

The share price fell to less than E100 during this period when it became clear that the opportunity to sell shares at the price that they were changing hands amongst the owners would not be extended to the public. The backdrop of difficult trading conditions in Germany hasn't helped. We took this opportunity to build our position despite the stock's valuation being still somewhat expensive on the current valuation metrics.

Whilst an interesting story of takeover dynamics, more important to us is the quality of the Beiersdorf business and the opportunities ahead for Nivea and the other nine consumer brands. Founded in the 1880s and with a 120 year history of brand development, Nivea is the second largest personal care brand in global sales behind L'Oreal of Paris More impressive perhaps is the sustained growth rate (compound annual growth of 12-14% over 10 and 15 years), driven by product innovation and geographic expansion. Beiersdorf has a long heritage of successful international trading with their first venture into America in the 1890s. It is this matrix of brands, product categories (such as the extensions into bath & shower products and Nivea for Men) as well as geographic opportunity that underpins the growth opportunities. This gives us confidence that their market leading positions in Europe can be successfully extended globally.

Outlook

The Fund has a 39% exposure to Asia including Japan and, as we noted in our last report, the global opportunities beyond the more obvious chart topping US icons are currently more interesting to us. It is likely though that we could see greater volatility in the Fund over the shorter periods of quarterly reporting. As the high levels of global liquidity chase and react to near term news, we will get some sharp movements, especially in the mercurial Indian market. Significant currency movements may well continue to characterise the reported earnings of our companies and more directly the performance of the Fund.

Simon Trevett

Portfolio Manager

Notes

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

2. The investment returns depicted in the graphs are cumulative based on A$10,000 invested in the Funds since inception and relative to their Index (in A$) as per below:

   Platinum International Brands Fund:
   Inception 18 May 2000, MSCI World Accumulation Net Return Index in A$

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

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The Platinum Trust Product Disclosure Statement No 4 (PDS), *for Australian investors,* and The Platinum Trust Investment Statement No 8 (IS), *for New Zealand investors*, provides details about the Funds. You can obtain a copy of the PDS or IS from Platinum's web site, www.platinum.com.au, or by phoning our Investor Services staff on 1 300 726 700 (*Australian investors only*) or 02 9255 7500.

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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