PLATINUM JAPAN FUND

Jim Simpson
Portfolio Manager

PERFORMANCE

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

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

CHANGES TO THE PORTFOLIO

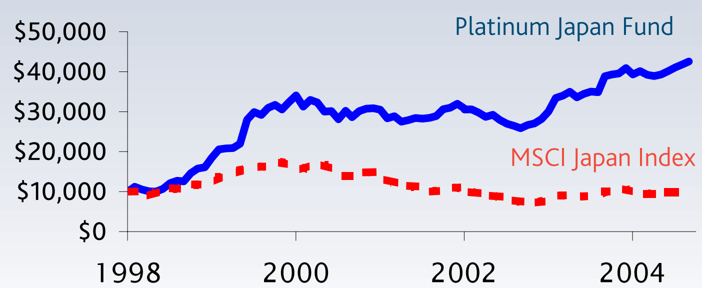
Toward the end of the quarter we adopted a slightly more defensive posture by introducing index shorts on the Korean market and stock specific shorts in Japan. This reflects our view that the inexorable rise of US interest rates will eventually begin to impact cyclical stocks. Consistent with this view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

DISPOSITION OF ASSETS

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

Source: Platinum

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



Source: Platinum and Factset. Refer to Note 2, page 4.

COMMENTARY

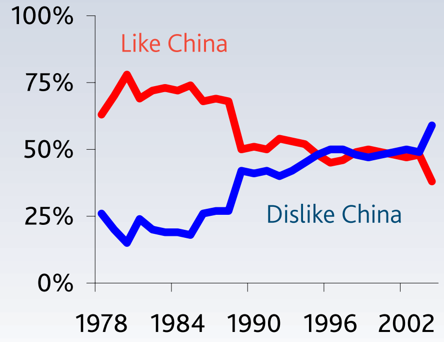
The remilitarisation of Japan?

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

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

The emergence of China is also likely to be a substantial factor in the reshaping of Japan. With China now a more important economic force than Japan, with the margin only increasing, Japan is likely to find itself sucked into its giant neighbour's sphere of influence at the same time as it maintains close alignment with US interests. This is bound to create tensions as allegiances across the Asian region are recast based on economic power shifts. The

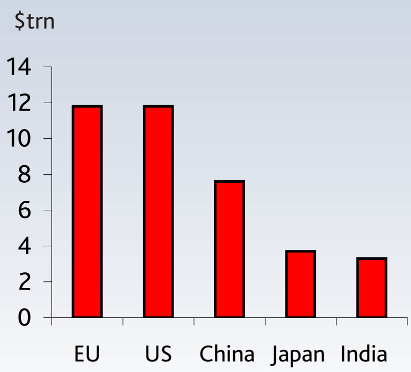
Japan Public Opinion Survey on Diplomacy



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

problem for Japan is that it is all too aware that its neighbour has a long memory of its invasion of the country and it is unlikely to be a smooth transition for them to make. As China has shown a readiness to project power within the region and elsewhere, the Japanese are unlikely to sit idly by with the US for comfort.

Global GDP Ranking (PPP adjusted 2005 est)



Source: IMF

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

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

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

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

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

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

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

Source: CLSA Asia-Pacific Markets

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

DEFENCE SPENDING OF MAJOR COUNTRIES

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

Source: International Institute of Strategic Studies

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

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

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

NOTES

1. The investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specific period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), are pre-tax and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

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

Platinum International Fund:
Inception 1 May 1995, MSCI All Country World Net Index

Platinum Asia Fund:
Inception 3 March 2003, MSCI All Country Asia ex Japan Net Index

Platinum European Fund:
Inception 1 July 1998, MSCI All Country Europe Net Index

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Net Index

Platinum International Brands Fund:
Inception 18 May 2000, MSCI All Country World Net Index

Platinum International Health Care Fund:
Inception 10 November 2003, MSCI All Country World Health Care Net Index

Platinum International Technology Fund:
Inception 18 May 2000, MSCI All Country World Information Technology Index

(nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist).

The investment returns are calculated using the Fund's unit price. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

Platinum Asset Management Limited ABN 25 063 565 006 AFSL 221935 (Platinum) is the responsible entity and issuer of the Platinum Trust Funds (the Funds). The Platinum Trust Product Disclosure Statement No. 5 and its Supplementary (PDS), is the current offer document for the Funds. You can obtain a copy of the PDS from Platinum's website, www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), 02 9255 7500 or 0800 700 726 (New Zealand investors only) or via invest@platinum.com.au.

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

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