

PLATINUM INTERNATIONAL TECHNOLOGY FUND



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PERFORMANCE

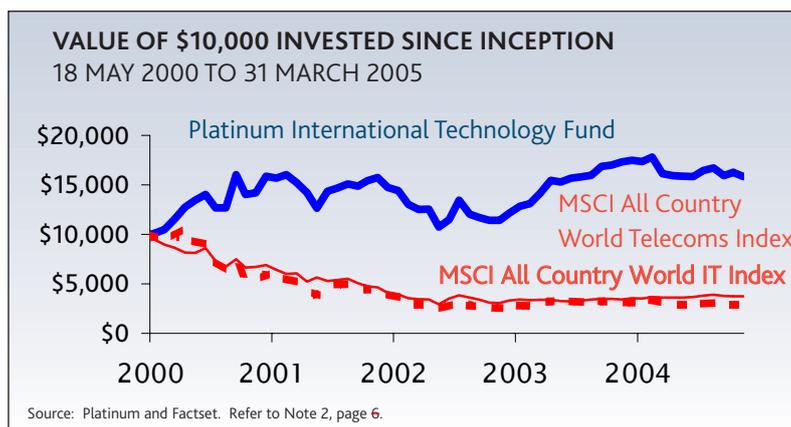
The first quarter of 2005 was a period of negative performance for technology shares after a relatively strong phase from August to December 2004. With the start of the new year, investors' focus turned to American consumers' propensity to spend, given the background of increasing interest rates and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

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

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

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

Source: Platinum



CHANGES TO THE PORTFOLIO

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

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

COMMENTARY

THE AGE OF DIGITAL INFORMATION

From Morse Code ...

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

The Associated Press cooperative was effective. Its roots quickly spread, from one correspondent in Halifax, Nova Scotia, to correspondents in the United States in Boston, Philadelphia, Washington and later to the Midwest. Using the telegraph and

the language of dots and dashes known as Morse Code, the AP grew, and in 1875 became the first news organization to secure a leased telegraph wire. By the end of the century, the AP stood poised to become the largest newsgathering organization in the world during its next fifty years."

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

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



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

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

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

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

... to search engines ...



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

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

The most successful search engine in recent times has been Google. It owes its success

mostly to its characteristically no-frills website interface and to the very clever idea of searching according to the criteria of link popularity and page rank. Google calculates how many websites and web pages link to a single page and it ranks them accordingly, on the assumption that a good page is generally linked to many other websites.

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

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

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

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

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

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

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

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

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

Blog advertising is emerging as a completely new area and it has the advantage of targeting specific communities with tailored messages at what is

generally a reasonable cost. Bloggers can sell ads and provide income to support their hobby or even helps them make a living. According to Blogads.com (an advertising agency for blogs), the most expensive placement on their menu costs \$3,000 and it will buy you a week on the top slot of a blog, read daily by 400,000 committed participants. It is the ultimate word-of-mouth marketing channel.

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

... back to newsgathering.

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

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

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

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

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

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

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

OUTLOOK

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

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

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

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

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.

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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.

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