

PLATINUM INTERNATIONAL TECHNOLOGY FUND



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Portfolio Manager

PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 31 March 2008)

	QUARTER	1 YR	3 YRS	5 YRS SINCE INCEPTION	
PLATINUM INT'L TECH FUND	-13%	-13%	4%	10%	8%
MSCI IT INDEX	-17%	-12%	1%	4%	-14%

Source: Platinum and Factset. Refer to Note 1, page 4.

During the quarter the Fund's performance was not immune from the sharp market correction.

Sell-offs across the board in Europe, America and Asia impacted negatively on the Fund's portfolio. On the positive side, our decision to hedge exposure to the US and Hong Kong dollars and to increase weight in Euros and Japanese yen helped to mitigate losses.

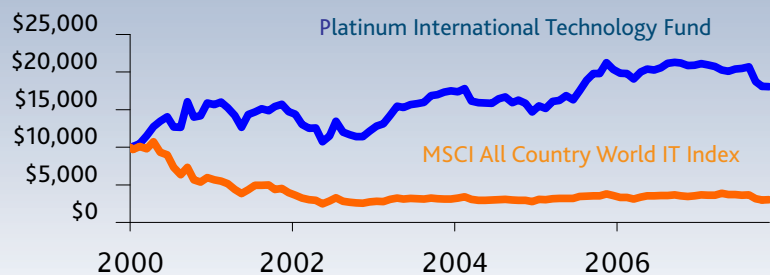
There were not many hiding places in the portfolio. One area performing relatively better were telecom operators in Asia and other emerging markets, where the Fund has a 14% exposure. At times of turbulence, telecom operators may act more defensively as they are often seen as "utilities" with reliable cash flow generation.

The uncertainty created by the credit crisis generated by the sub-prime housing market in the US slowly propagated to the equity market. IT stocks were not spared due to their dependency on consumer spending which directly and indirectly impacts technology corporate earnings. American consumers, increasingly worried about the state of the US economy are spending less, and their attitude towards

DISPOSITION OF ASSETS		
REGION	MAR 2008	DEC 2007
ASIA	30%	31%
NORTH AMERICA	17%	15%
JAPAN	16%	18%
EUROPE	13%	14%
OTHER	2%	3%
CASH	22%	19%
SHORTS	5%	1%

Source: Platinum

VALUE OF \$10,000 INVESTED SINCE INCEPTION 18 MAY 2000 TO 31 MARCH 2008



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

discretionary consumption has changed: sales of consumer electronics goods have started to slow down as witnessed by sales reported by large specialised retailers (Best Buy, Circuit City etc).

Moreover, concerns about an oncoming economic recession in the US have created more uncertainty amongst those in charge of corporate IT budgets. Financial Services in particular is an industry under pressure: Chief Technology Officers at US, European and Asian banks and financial institutions have now started to revise down their spending plans for the rest of the year.

The good news is that most of the damage in terms of stock price decline seems to be already discounted by the stock market and we find many stocks are now attractively valued.

Major purchases:

We introduced several positions in semiconductors and specifically in the areas of memories (DRAMs), Programmable Logic Devices (PLDs), analog chips and semiconductor capital equipment.

Major sales:

We reduced (realising some profit earlier than planned) our position in Egyptian **Mobinil**. The stock appreciated quickly into the new year but concerns about rising global food prices and their impact on purchasing power of the local population made this position riskier. (For a broader analysis of food prices refer also to Andrew Clifford's commentary in the Platinum Asia Fund's quarterly report).

COMMENTARY AND OUTLOOK

Company visits in the US

We met with 40 companies during a two week trip to Silicon Valley and to the US east coast and we returned with some interesting conclusions and prospective buying opportunities.

With news about the credit crisis, housing market troubles and recession on the front page of

newspapers, we went to management meetings asking the appropriate questions about business conditions and expectations. The unanimous answer was caution in the short-term with hope of recovery in the second half of 2008.

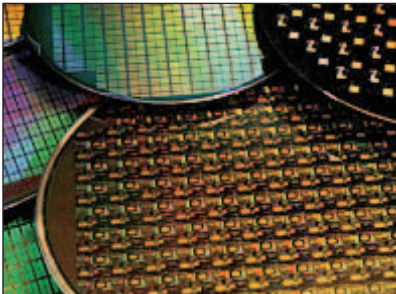
We asked about similarities and differences with the 2000-01 technology downturn and everybody agreed that this time there were fewer excesses. The supply chains have been streamlined, there is more control of inventory, customers in general tend to have solid balance sheets and there are not as many fly-by-night operators around. Stock market valuations are not excessive and profitability margins are relatively high.

While this is partly reassuring, it is at the same time worrying that if the recession scenario unfolds more dramatically than expected, management of these large US corporates is adjusting quite slowly to a more difficult reality. Similarly, analysts' estimates in general have been revised down concessionally, only in light of the recent negative news flow.

We visited several semiconductor companies and we were positively impressed by their solid business models. One troubling factor though is that while profitability has recently been quite good, growth rates are nowhere near the heydays of the tech bubble. This may explain why the market has been reluctant to pay-up for seemingly good stories. We have adjusted our valuation models accordingly.

Management attitude at these companies is also changing. We came across several companies talking about dividends, buy backs and changes in remuneration policies (fewer options for employees and more cash compensation). A big change from the good old days of the tech boom!

The Fund recently established a position in **Veeco Instruments Inc**. It is increasingly clear that so-called "green technology" will remain an interesting theme in years to come and Veeco is one of the Fund's holdings poised to benefit from investments in this area. Specifically Veeco is a supplier of a critical piece of equipment (metal organic chemical vapour deposition – MOCVD tools) for the manufacturing of light emitting diodes (LEDs - tiny semiconductor chips that emit light). Compared to



Veeco wafer

Source: Veeco



Veeco MOCVD



Veeco Ion Beam Deposition

existing technologies such as incandescent and fluorescent lamps, LEDs are more durable and power efficient; attractive features at times of increased awareness about environmentally friendly policies (energy saving, sustainable building codes etc).

LEDs are by no means perfect as they are still more expensive to produce and their lower level brightness remains an issue. As a result, LEDs have thus far been confined to niche applications (eg. car dashboards, traffic lights, lighting for mobile phone screens etc). We believe, however, that as technology improves, usage of LEDs will grow significantly. In fact LEDs are now being used as background lighting in high-end notebook PCs and in the not too distant future they may even displace conventional lighting devices.

More importantly, because the core MOCVD technology is very difficult to master, there are only two significant MOCVD equipment vendors worldwide – Veeco in the US and Aixtron in Germany. We do not think Wall Street is paying enough attention to the potential of Veeco's LED business.

Apart from its strong position in LED tools, we are also excited about the transformation happening within the company. Veeco was long managed by its

founder, a visionary with great intuition for emerging technologies. Over the years, he built-up Veeco by acquiring a portfolio of small companies with interesting technological expertise, and the company now stands to benefit from a lot of big emerging technological waves (eg. nanotechnology, solar power). However, Veeco's historical profitability has struggled to reflect the value of the technologies offered to its customers, partly due to its corporate structure organised around a "federation" of individual and independent units.

This is all set to change. In our recent company visits, we met with the recently appointed CEO (Mr John Peeler) and we were impressed by his sensible approach and tough operating style. Veeco is making solid progress with its new three year corporate transformation plan and we believe that it will grow into a much larger and profitable business in years to come.

The Fund has also been selectively adding new names in the semiconductor and semiconductor equipment industry, reflecting our confidence that at current valuation levels some stocks are becoming really attractive and downside risk is limited if we are prepared to be invested for the medium-term.

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 Unhedged Fund:
Inception 31 January 2005, 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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