

PLATINUM INTERNATIONAL TECHNOLOGY FUND



Alex Barbi
Portfolio Manager

PERFORMANCE

During the quarter, the Fund's performance was -4.3% compared to an increase of 3.1% in the MSCI World Information Technology Index (in A\$ terms) and 0.1% in the MSCI Telecommunications Index (A\$).

A divergence of performance among various sectors suggests a more selective approach by investors. The worst performing sector was PC & Hardware (-4%) while the best was Electronic Manufacturing Services (+13%). During the quarter the Philadelphia Semiconductor Index (SOX), representing most US semiconductor companies, was virtually unchanged (+0.4%).

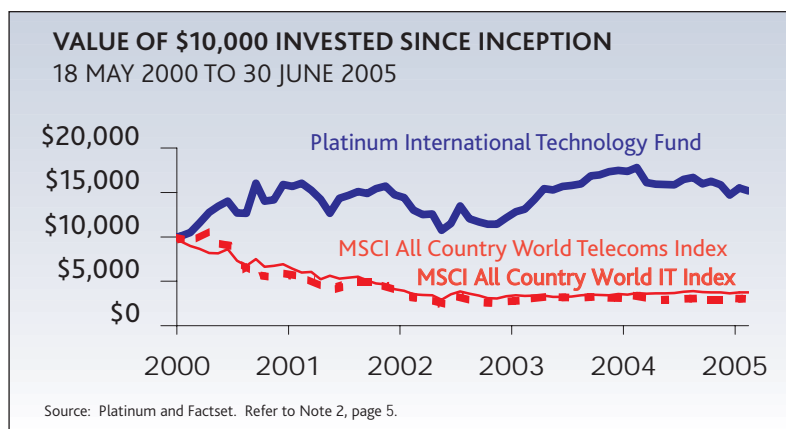
The Fund suffered from the 40% stock price collapse in Marconi which was excluded by British Telecom from their \$19 billion capital expenditure programme. While Marconi had been recovering from a successful restructuring and had been a strong contributor to the Fund's performance in previous quarters, we overestimated its ability to once more compete in the premier league of equipment suppliers. The mistake cost the Fund nearly 2% this quarter. We have subsequently divested from the holding.

Among our largest positions, Ericsson (telecom equipment) and Canon (copiers and printers) added to performance, while Ushio (lighting technology), ZTE (telecom equipment) and Samsung Electronics (memories and telecom handsets) finished the quarter marginally lower.

In terms of currencies, the strength of the A\$ against the yen, Swedish krona and euro also had a negative impact on performance, only partly offset by the strength of the US\$.

DISPOSITION OF ASSETS		
REGION	JUN 2005	MAR 2005
OTHER ASIA (INCL KOREA)	21%	28%
JAPAN	19%	22%
NORTH AMERICA	17%	20%
EUROPE	14%	15%
CASH	29%	15%
SHORTS	5%	5%

Source: Platinum



CHANGES TO THE PORTFOLIO

A strong rally in May provided the opportunity to streamline our portfolio and we divested several positions. We sold those stocks we no longer considered attractive or those that had achieved their appreciation potential. We also exited Hutchison Telecom after reassessing the competitive situation in the Indian telecom market.

We added selectively to some of our holdings and introduced a new position in LG Electronics (LGE) of Korea. LGE is rapidly becoming a power-house in mobile handsets and we think it will outperform its peers, consistent with our long-held view that Asian manufacturers (and Koreans in particular) will dramatically increase their market shares in consumer electronics. LGE also has a leading position in Liquid Crystal Display (LCD) through a joint venture with Philips and an excellent know-how in digital TV technology, an area which is promising to grow at a dramatic pace over the next few years.

COMMENTARY

Stay tuned!

Since we last wrote about the LCD TV phenomenon a few months ago, a lot has happened. Our readers may be aware that LCD TV prices have been declining sharply in recent months. In the USA, a second tier brand 32" LCD TV can be purchased for around \$US1,600. The world is possibly at the dawn of the era where flat panel displays (such as LCD, Plasma Display or rear projection TVs barely 7 inches deep) are poised to displace traditional Cathode Ray Tube (CRT) TVs from the living rooms.

TV manufacturers are trying to make the TV set the new centrepiece of the digital home. Samsung is proposing TVs which will allow viewers to insert a card containing their music or photo collections and browse through them without any need to connect to a PC. Others are designing TVs with built-in digital video recorders and wireless links to multiple TV sets.

To make the market even more competitive, PC manufacturers have signalled their intention to



Source: JPMorgan.



participate in this feast. Dell and Hewlett Packard are already the largest customers of LCD flat panels for their PC businesses; they are keen to leverage their purchasing power, supply chain expertise and direct marketing presence to enter the more profitable market of consumer electronics.

To the potential buyer we say: stay tuned! You will soon see prices coming down further.

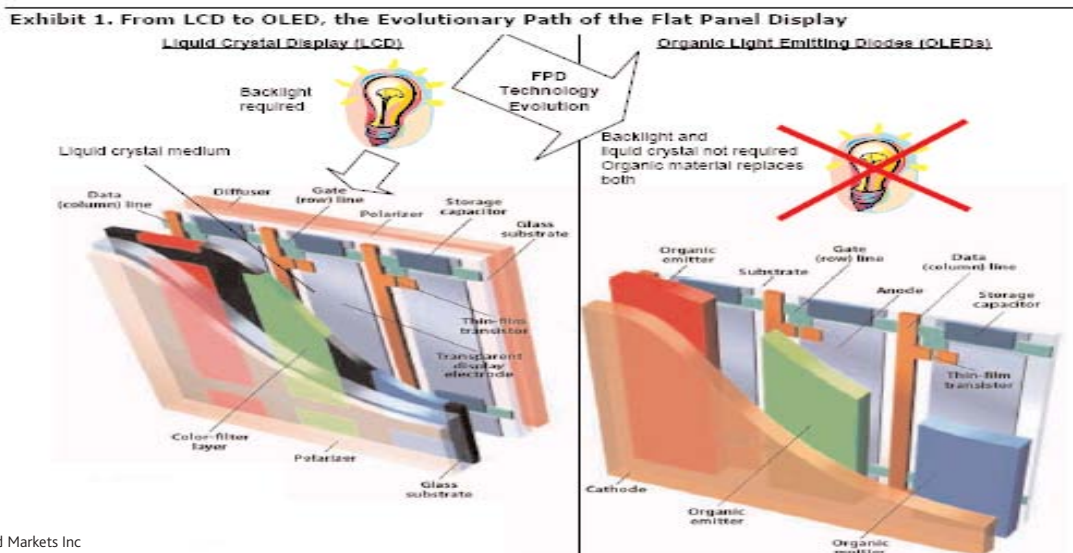
In addition to falling prices, there are significant technological advances afoot in the industry. If readers are impressed by the profile of current flat panel displays, it is conceivable that within the next five years these displays will become even thinner, maybe as thin as three centimetres.

These new "super thin" displays are made possible with an emerging technology - organic light-emitting diode (OLED). OLEDs are molecules that glow when stimulated by electric current. You may recall that any liquid crystal display comprises, in very simple terms, millions of liquid crystals sandwiched between two sheets of ultra thin glass. Each panel needs to be lit by a number of fluorescent tubes mounted at the back. OLED displays do not require such a crude lighting mechanism. Instead of liquid crystals, millions of OLED molecules are embedded between the two sheets of glass.

While in LCD panels, each crystal acts like a shutter to allow light to pass, in OLED displays it is the electric current that passes through the organic molecules that produces the glow. Considering that the cost of a traditional Back Light Unit on a 32" LCD panel is around \$250, or 35% of total production cost, the potential savings with OLED technology will be substantial.

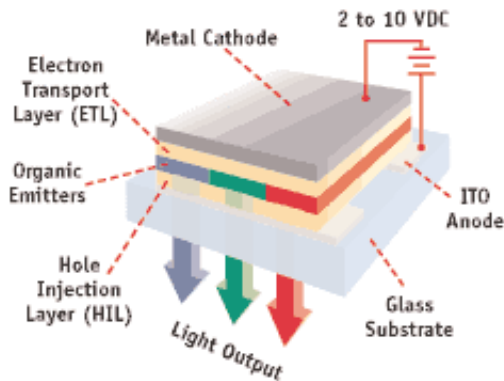
This revolutionary process has been facilitated by scientists and engineers' efforts in mastering the arcane art of formulating and fine-tuning the correct behaviour of OLEDs. In 2000, the Noble Prize for Chemistry was awarded precisely for the discovery of such molecules.

Mindful of the potential of OLED, the Fund has recently initiated a small position in Cambridge Display Technology of the UK. Cambridge Display is a company founded to commercialise discoveries made by the Cavendish Laboratory of Cambridge University. In 1989, two researchers (Professor Richard Friend and Dr Jeremy Burroughes) discovered that conjugated polymers/plastic could be made to glow. The discovery was quickly patented. To this day, Dr Burroughes remains the Chief Technology Officer of the company, which currently employs over 80 scientists with PhDs working to commercialise its technology.



Source: CIBC World Markets Inc

OLED Structure



Exciting as it may seem, the investment is not without risk. The major risk confronting Cambridge Display is a potential delay in reaching the commercial stage for OLED technology. The biggest obstacle remains the operating durability of the blue OLED molecule. You may recall that white light can be formed by combining the three primary colours (blue, green, and red). As a matter of physics/chemistry, blue molecules turn out to have a shorter lifespan relative to either red or green molecules. Needless to say, an OLED TV that only displays the green and red molecules is unlikely to be very appealing.

That said, Cambridge Display has consistently made progress in enhancing the lifespan of these mischievous blue molecules. In a recent trade show in Boston, Samsung (the largest LCD panel maker in the world) announced that it expects to bring its OLED TV to market in 2008, if not sooner. We are further encouraged by the fact that tiny OLED screens are increasingly being used as secondary displays in some of the higher specification mobile phones. The age of OLED has arrived.

OUTLOOK

We are still receiving conflicting signals about the health of consumer electronics and corporate IT spending globally. While general corporate IT spending will remain subdued both in the USA and in Europe, we think that some specific areas, mostly in consumer-related industries, have interesting growth potential.

In mobile communication, the take-off of Third Generation ("3G") services will trigger another cycle of handset upgrades benefiting the most advanced equipment suppliers. Similarly phone networks need to be upgraded to optimise the new technology.

In hardware, portable PC prices are declining fast and they are becoming more affordable, to the extent that many consumers will soon consider buying a laptop as a second PC or for their family and kids.

In PC components, the price of memory chips (DRAMs) have fallen to a level not seen since 2003, and PC assemblers are now becoming keener to increase the memory content of their products.

In consumer electronics, prices of flat panel TVs are gradually becoming more affordable and soon they will become more appealing to a broader audience, with the next Christmas season likely to be the inflection point.

The Fund is invested across all these areas mostly through selected names in Europe, Asia and the USA.

Alex Barbi and Douglas Huey

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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