

PLATINUM INTERNATIONAL TECHNOLOGY FUND



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PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 June 2008)					
	QUARTER	1 YR	3 YRS	5 YRS SINCE INCEPTION	
PLATINUM INT'L TECH FUND	-6%	-19%	4%	5%	7%
MSCI IT INDEX	-4%	-19%	-1%	1%	-14%

Source: Platinum and MSCI. Refer to Note 1, page 5.

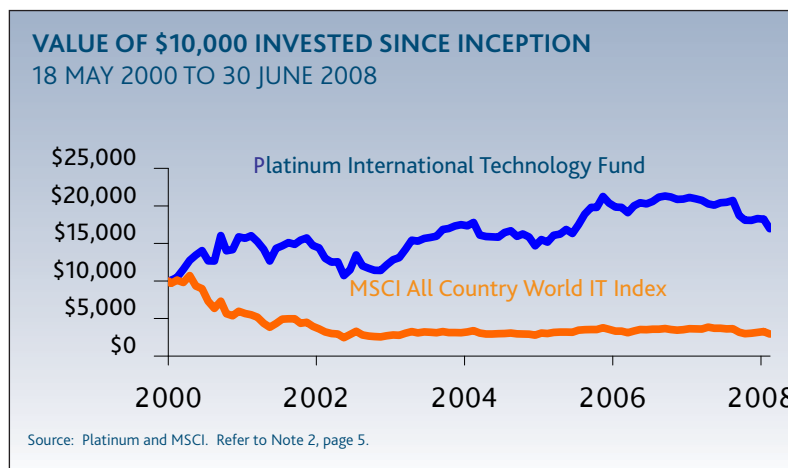
The Fund's performance during the quarter was negative with weakness across most regions. After an early attempt in April and May to rise from oversold levels, technology and telecom stocks followed the broader market down and finished the quarter lower than where they started. Prices and valuations have generally reverted to March levels or below.

Several factors are conjuring to create a general economic slowdown across the globe. In the US, consumers are seeing their purchasing power eroded by an increasing gasoline price and a fast declining housing market.

In several Asian countries, particularly India, Indonesia, Vietnam and the Philippines, food inflation is accelerating. Central banks are rushing to raise interest rates to prevent local economies entering a dangerous hyper-inflation spiral and to protect their low-income populations from dramatic losses in purchasing power.

DISPOSITION OF ASSETS		
REGION	JUN 2008	MAR 2008
ASIA	26%	30%
NORTH AMERICA	17%	17%
EUROPE	16%	13%
JAPAN	16%	16%
OTHER	1%	2%
CASH	24%	22%
SHORTS	12%	5%

Source: Platinum



In Europe economic growth has slowed to a crawl and the European Central Bank is also addressing the risk of higher inflation with monetary policy tightening.

Economies in China and South America have so far performed quite strongly, but it is hard to imagine how they can maintain such a robust pace while the rest of the world slows down.

In this context technology companies are not immune from a generalised slowdown. However, some areas may have more defensive characteristics and, to a certain extent, reasonable earnings visibility. For example companies in software, security, storage and telecommunication services tend to be more resilient than say consumer electronics, as their products and services are seen as less discretionary. We have positioned the Fund accordingly and we maintain a 14% position in telecom operators, 12% in telecom equipment and 7% in software and IT services.

Major changes:

We reduced the Fund's holdings in telecom operators exposed to emerging markets with high inflation risk such as Indonesia and Egypt: we believe surging fuel costs and food inflation are reducing the marginal consumers' disposable income and with that, their ability to spend more for mobile services.

We increased our telecom holdings in more mature markets such as Europe and Taiwan where the issue of food inflation is not as dramatic and where the valuations are now lower than many emerging (but riskier) markets.

We also increased our positions in Hong Kong listed Chinese telecom equipment manufacturers/ engineering companies, ZTE and Comba. They will be major beneficiaries of a new phase of capital expenditure to upgrade several national networks.

We reduced our position in Microsoft at around \$30 after the most recent quarterly results indicated revenue growth deceleration, just 18 months since the original launch of Vista.

The Fund's largest positions are currently: Amdocs (billing software and operating support systems for tier-1 telecom and Pay-TV operators), IDS Scheer (a German business process software specialist), Hutchison Group (a leading Asian conglomerate with telecommunication interests in Asia and Europe), Ulvac (a Japanese leader in equipment for LCD, semiconductors and solar cell manufacturing). Large caps such as Microsoft, Cisco, Samsung and Ericsson are still part of the portfolio but with smaller positions, after a partial sell-down.

We are also taking the opportunity of recent price corrections to selectively add some investments in so-called green-technologies (mostly equipment makers for solar cells and energy-saving LEDs).

During the quarter we introduced a short position on the technology-heavy Nasdaq as a protection from further downside. At quarter end the Fund was 76% invested with a 12% short position on US stocks and the Nasdaq Index, for a 64% net exposure.

COMMENTARY

Telecom Operators

Over the last few months Telecom operators have been back in the news again with M&A activity making newspaper headlines across the globe.

In China, the Regulator has announced a long awaited sector restructuring involving three of the four major telecom operators. Through a series of mergers and assets swaps, the authorities are mandating a re-balancing of a sector characterised so far by a single player (China Mobile) dominating the mobile service market, while the others (China Unicom, China Netcom and China Telecom) have been struggling to compete due to lack of adequate coverage and inferior technology. The change in the licensing and regulatory framework will trigger a new phase of growth for the industry in a country still under-penetrated when measured by Western standards (43% mobile penetration).

In the US, Verizon Wireless has offered \$28bn (including \$22bn of assumed debt!) for regional player Alltel, adding 13mn mobile subscribers and catapulting itself to first spot in the domestic market with 80mn subscribers. While expensive, the merger will probably go smoothly given the similar technologies (CDMA) of the two operators. That would leave Verizon ahead of AT&T with 71mn subscribers, Sprint-Nextel, 53mn and Deutsche Telekom's T-Mobile, 31mn.

M&A activity has been rampant in emerging markets as well. Indian operators Bharti-Airtel and Reliance Communications both offered to merge with South African operator MTN, a leading mobile operator with 70mn subscribers across the African continent. With an Indian market still growing at a fast pace it is perhaps surprising to see Indian companies leaving the domestic shore to chase growth in more adventurous territories.

We suspect that regulation may be one of the reasons. With the Indian regulator very vocal in restraining domestic mergers, and actually promoting more competition by announcing new licenses for new entrants, even the big Indian players (Bharti has 65mn subscribers!), are looking offshore to diversify.

Similarly in Europe, where telecom markets are more mature thanks to the higher penetration of telephony services, incumbents have been looking outside national borders to search for better growth opportunities. We suspect some of this late activity is sometimes not completely guided by clear economic targets but it is more an attempt to "escape" from the harsh reality of saturated domestic markets.

Indeed in some cases, mergers within large national markets (such as China, the US or India) will undoubtedly benefit a dominant local operator, thanks to a larger network footprint, higher network efficiency, cost cuttings and more effective marketing campaigns. On the contrary, cross-border telecom mergers do not appear to add much value because of cultural reasons, different languages, the inability to cut costs (how easy is it to shut down a national telecom headquarter?) and the peculiarity of markets.

So we were perplexed when France Telecom recently announced an offer for Nordic operator Telia-Sonera (itself the result of a previous merger between a Swedish and a Finnish operator). The idea (rejected by the Nordics who judged the offer price too low) seems to suit more a generic expansionistic/diversification vision rather than to offer clear economic returns. In fact, when the deal was proposed, the stock market punished the France Telecom stock price accordingly.

However, there may be a logic in following a strategy of building a telecom assets "portfolio" across different geographies and along a consistent business model, say à la Vodafone. It should achieve high efficiencies in terms of handsets and network procurement, and it would allow the use of experienced management across different geographies. Still we believe the competitive position within each individual market is much more critical to shareholders' returns than the idea of collecting an endless number of "provinces".

Despite the flurry of announcements, stocks of telecom operators have been harshly punished over the last six months, particularly in Europe. The index of the major 19 European Telecom Operators is down 23% from the start of 2008 and back at 2003 levels! The average valuation is now a PE of 10 to 11x with a 6 to 6.5% dividend yield.

In this context we believe that the underlying health of the telecom sector is not as grim as the market fears. A number of factors could restore growth:

- Increased usage of mobile data by subscribers. This is still in the early stages and well below its potential, largely due to a lack of easy-to-use handsets and tariffs which are still too high. In this respect the launch of the new 3G iPhone will help to raise awareness of mobile internet services with the public.
- A more benign competitive environment. If the number of operators within each market declines because of consolidation, the remaining players will improve their returns.
- A transition to more modern infrastructure will greatly reduce the need for network maintenance and impact positively on cost structures.

OUTLOOK

Many of the Fund's holdings are down from valuation levels not seen for the last 10 years and yet we believe their prospects are still positive considering their market leadership and potential long-term growth. This, despite a global slowdown that will make it more challenging to maintain existing levels of profitability.

Technology stocks are likely to keep following the recent high volatility path, closely tracking global macro-economic news. Having said that, the balance of power in global technology spending is slowly moving eastward, with Asia expected to grow much faster than Europe and the US. In 2008 China itself will represent more than 10% of the global total consumption of Technical Consumer Equipment¹, second only to the US which currently holds a 20% share. This secular transition is not going to reverse and we think that the Fund is appropriately positioned to take advantage of it.

¹ GfK/CEA, forecast 2008 TCE = Technical Consumer Equipment (Consumer Electronics + IT + Photo + Telco)

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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The Platinum Trust Product Disclosure Statement No. 7 (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.

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