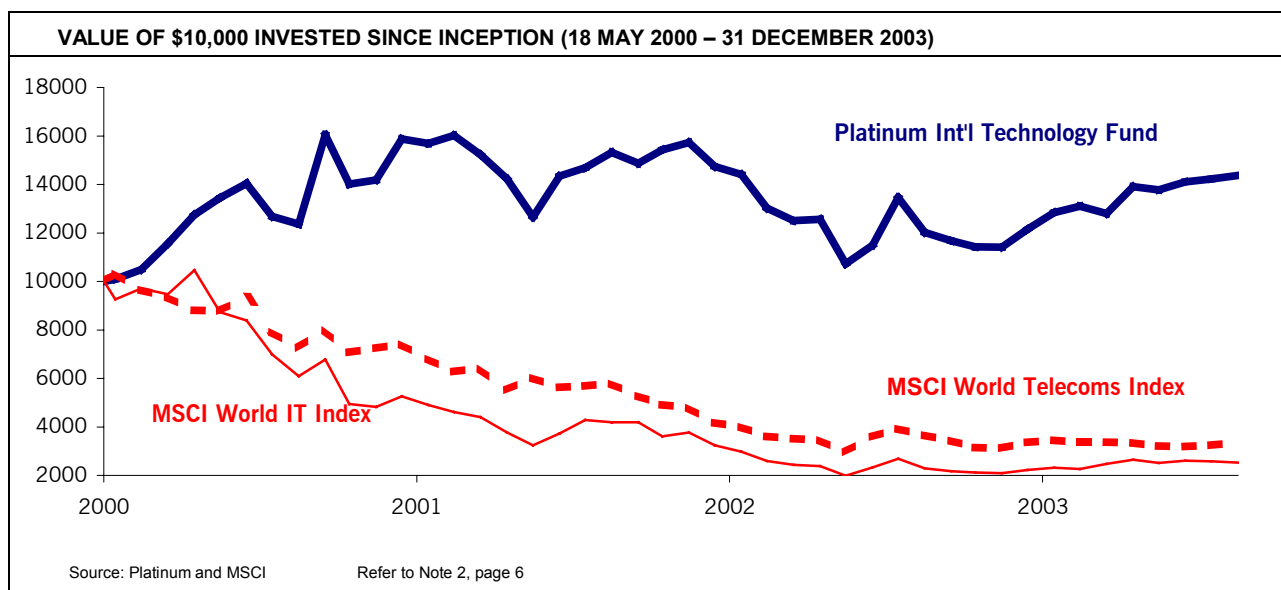


Platinum International Technology Fund

Performance

REDEMPTION PRICE: \$0.9375



(As at 31/12/03)	Fund Size	Quarter	1 year	2 years (comp. pa)	3 years (comp. pa)	5 years (comp. pa)	Since Inception (comp. pa)
International Technology Fund	\$52mn	4.31%	32.70%	2.76%	8.01%		13.77%
MSCI* World Technology Index		0.71%	10.35%	-22.36%	-25.38%		-31.58%

* Morgan Stanley Capital International Source: MSCI and Platinum Refer to Note 1, page 6



The Fund rose 4.3% during the quarter while the MSCI World Information Technology Index (A\$) rose 0.7% and the MSCI Telecommunications (A\$) Index was up 4.6%. The Fund is up 32.7% for the year, outperforming the MSCI IT Index (10.4%) and the MSCI Telecommunications Index (-8.3%).

Major contributors to the Fund's performance for the quarter were I2 Technologies (Enterprise Software) (+31%), Sun Microsystems (Hardware and Software) (+35%) and Nvidia (Graphic Semiconductors) (+45%). This was offset by the flat performance of our Japanese and Korean holdings and by our short positions which detracted from the performance. Our currency positioning offset some of the adverse impact from the rising Australian Dollar.

Changes to the Portfolio

We reduced our positions in Marconi, Bharat Electronics and Spirent following their strong performance and towards the end of the quarter we slightly increased our short positions in the NASDAQ and Semiconductor Indices. Our net invested position at the end of the quarter was 61%.

In the quarter we initiated an investment in Zarlink Semiconductor, a Canadian semiconductor vendor specialising in the communication equipment market. Since the "Internet bubble" burst in 2000,

BREAKDOWN BY INDUSTRY

Categories	Dec 2003	Sep 2003
Telecom Equipment & Suppliers	22%	25%
Semiconductors	18%	14%
Software	17%	11%
Electronic Components	11%	9%
Other	9%	18%

Source: Platinum

Zarlink has been operating under stress with sales collapsing by more than 50% over the following two years. Several restructuring measures were adopted, employees were laid off and the former CEO was replaced with a veteran from National Semiconductor. After nearly three years of a lacklustre telecommunication equipment market, Wall Street does not find Zarlink a particularly attractive investment.

DISPOSITION OF ASSETS		
Region	Dec 2003	Sep 2003
North America	26%	23%
Other Asia (incl. Korea)	17%	17%
Japan	16%	17%
Europe	17%	20%
Cash	24%	23%
Shorts	15%	15%
Net Invested	61%	62%

Source: Platinum

Our primary investment case is based on the dramatic change impacting the worldwide telecommunication industry. Within five to ten years, the majority of telephone calls will no longer be carried on the traditional circuit-based telecommunication infrastructure. Instead, a traditional voice call will be digitised and converted into numerous little data packets. Unlike the traditional infrastructure, where each voice call requires its own dedicated closed circuit, data packets are transported over the public Internet network. These data packets are reassembled at their destination before being converted back into voice signals. This new technology (Voice over Internet Protocol or VoIP) offers telecommunication operators significant cost savings.

The biggest technological challenge of VoIP is how to guarantee the quality of service. Because data packets are transported over the public Internet network, there is no guarantee that they will all arrive at the destination in time and in the right order. As a result, the quality of voice calls sometimes deteriorates. Because of its heritage, Zarlink has been grappling with the problem of how

to deliver perfect voice quality for nearly 30 years, its engineering team having accumulated significant know-how in the area.

Not only does Zarlink have the technology (key components for switches and handsets), it also has the necessary customer relationships. Unlike a PC, which is replaced every two to three years, a telephone operator typically expects its equipment to work for years and years. It is not uncommon to find equipment still in service after 20 years. As a result, the equipment vendors will only rely on suppliers they trust. Zarlink established relationships with several of the industry leaders and a particularly strong one with Cisco, a recognised leader in VoIP equipment. About two years ago, Zarlink specifically linked with Cisco to design a new component for their VoIP equipment.

At present, Zarlink's key clients are beta testing their new VoIP solutions just as new providers of VoIP services are rapidly emerging in the US. While Zarlink is still completing its restructuring plan, we believe the new strong management team will guide the company through the present downturn. Having witnessed the successful transformation and strengthening of National Semiconductor's analog chip business over the past few years (National Semiconductor was a core holding of the Fund until we sold it recently due to valuation concerns) we are optimistic about Zarlink's ability to succeed.

We believe that telecommunication operators will soon increase their capital expenditure on VoIP and that Zarlink stands to benefit once worldwide VoIP deployment accelerates.

The migration from legacy circuit-switched telephone systems to packet-switched systems is only a matter of when, not if. Every country will adopt these new technologies at a different pace and generally the more competitive the telecom market, the faster this transition will occur (in this respect we believe Australia is likely to lag in the process, due to the extremely powerful role played by Telstra).

Countries with lower rates of telephone penetration are more likely to embrace VoIP faster than countries where incumbent telephone operators have a vested interest in maintaining the status quo. For this reason we are looking with interest at Asian markets (notably China and India) as promising markets for vendors of VoIP equipment.

Commentary

Among the themes occurring during the quarter we would like to highlight the following: the ‘digitalisation’ of consumer electronics and the emergence of Voice Over Internet Protocol (VoIP) as an alternative technology to deliver telephone calls.

This Christmas season in the United States has seen the triumph of the digital consumer. The market has been literally flooded with new electronic appliances. Traditional analog electronic products such as cameras, Cathode Ray Tube (CRT) TVs and Video Cassette Recorders (VCRs) are gradually being replaced by digital still cameras, High Definition TVs and DVD players/recorders. Admittedly it’s still early days in the transition, and most consumers cannot yet afford flat panel TVs priced at a multiple of traditional CRT TVs. This transition however is likely to accelerate and it will be largely driven by the proliferation of digital content (DVD, video games, digital television, High Definition TV etc.). In the US alone already 1,000 of the 1,600 terrestrial TV stations are in digital format, and the progressive migration will further stimulate distribution of digital content and adoption of new electronic appliances. Similarly, the ability to take pictures with a digital camera or to download music from the Internet, and send it to friends or store it in a PC, is increasing consumers’ appetite for more electronic gadgets.



Picture 1: LCD TV

An increasing number of IT companies are rushing to present themselves as consumer tech plays, and trying to gain market share in new areas of business. Hewlett Packard (best known for its printers and computer systems) has presented more than 150 consumer-oriented products from scanners to digital cameras. Motorola (wireless handsets and telecom infrastructure) announced the launch of flat panel TVs (interestingly Motorola did actually stop manufacturing TVs around 30 years ago). Equally enthusiastic was Dell’s announcement that they intend to pursue new opportunities in home entertainment: Liquid Crystal Display (LCD) TVs, Digital Juke Boxes and an online music store, not to mention Apple Computer which



Picture 2: Digital Juke Box

is now selling more iPods (portable digital music players) than Macintosh computers. Gateway, a PC retailer famous for the cows in its advertising, is also turning its attention to consumer electronics and offering large screen TVs and computers doubling as media centres.

We think this extract from a recent Fortune article illustrates the depth of this transition: “Sean Debow ... the Asia Pacific technology strategist for investment bank UBS, travels each year to Taipei from his base in Hong Kong for the Computex trade show. It’s a predictable event where the big PC makers have long gone to shop for items like motherboards, which are the guts of computers. This year Debow felt disoriented. As he wandered the floor, he had an uncanny feeling he was walking in circles—he kept passing the booths of Taiwanese companies showing working prototypes of digital still cameras. It wasn’t until Debow stared up at the changing row numbers that he realized he wasn’t going crazy; he was seeing the ghost of Christmas future. Row after row of vendors—67 from Taiwan alone—were selling similar camera designs just waiting for a company to pick up and slap its brand on.” ...Adam Lashinsky, Fortune.



Picture 3: Media Centre

67 Taiwanese companies ready to offer digital camera designs to Wal-Mart or any other large buyer with distribution/marketing clout!! What happened to the technological lead, the design strength and the manufacturing finesse of the great brands we know? Has the digital age with its CAD/CAM (Computer Aided Design/Computer Aided Manufacturing) tools narrowed the gap to the extent that first to market barely matters?

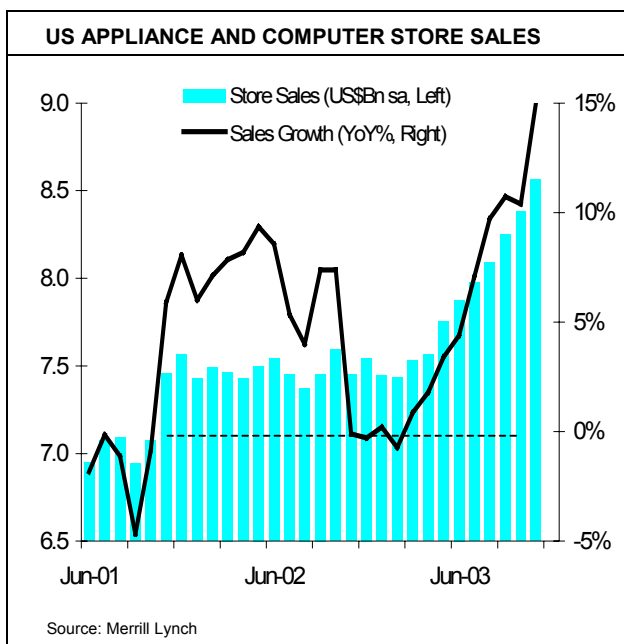
Why is nearly every computer maker/retailer trying to step into consumer electronics? The two main reasons are the attractiveness of higher margins in consumer electronics relative to traditional PCs, and the digital revolution.



Picture 4: \$50 Digital Camera

Retailers selling TVs and consumer electronics today make much higher gross margins (30-35%) compared to those selling only computers (15%). On the other hand PC makers/assemblers, with their very efficient manufacturing and logistic processes,

have long ago gone through a process of commoditisation and margin reduction. Sony's gross margin at more than 25% is well above Dell's 17% and Michael Dell is open about the many opportunities. A critical hurdle for Dell could be their own direct selling strategy, based on bypassing the shopping mall: the difficult task will be convincing consumers to buy a TV or DVD without first experiencing the sound or the quality of images etc. On their side, Dell has extremely efficient supply chain management and their global sourcing capabilities.



With media content turning into digital bits, devices used to play content are increasingly resembling PCs: rather than proprietary systems, they use standardised platforms of chipsets and off-the shelf components often freely available on the merchant market. An example is the DVD player: unlike VCRs, which are assembled with dozens of mechanical parts, modern DVD players are mostly assembled with standard semiconductors and few key components. The DVD player market is virtually open to any company willing to enter: in the US the largest market share (15%) in DVD players is held by

Alex Barbi
Portfolio Manager

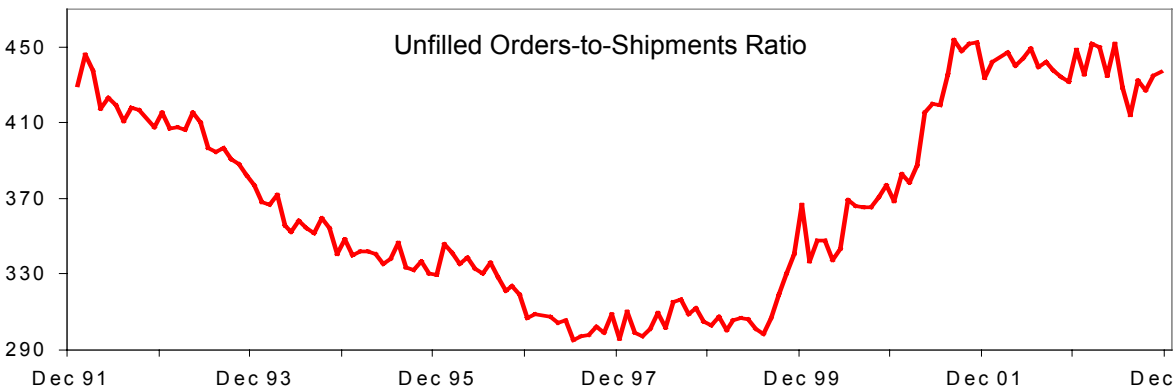
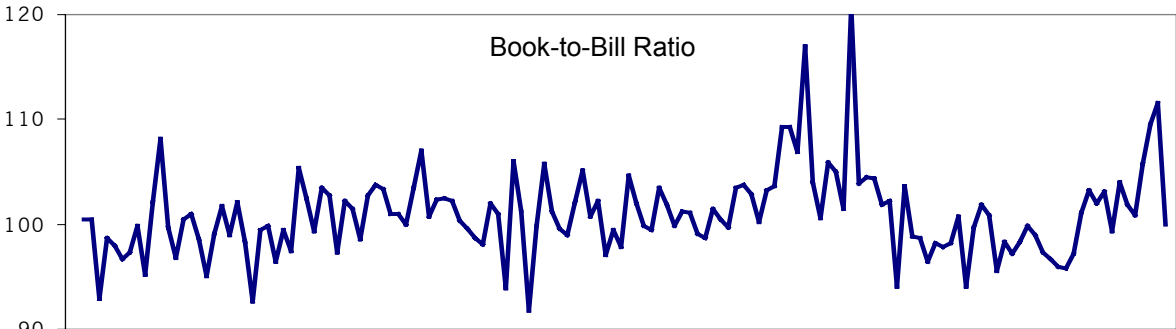
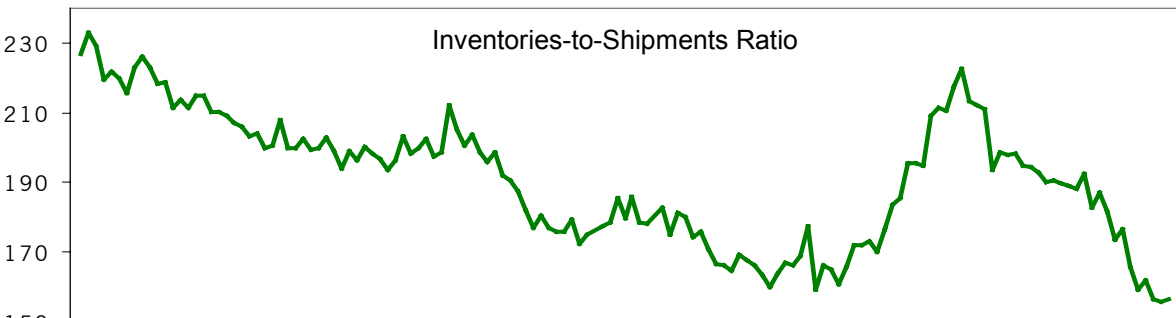
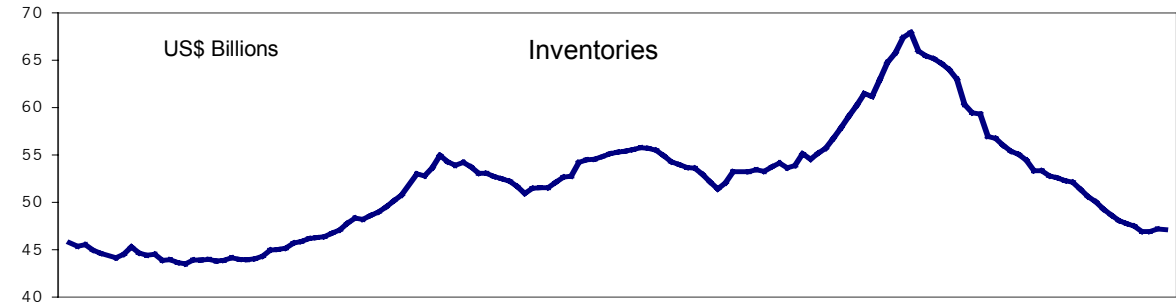
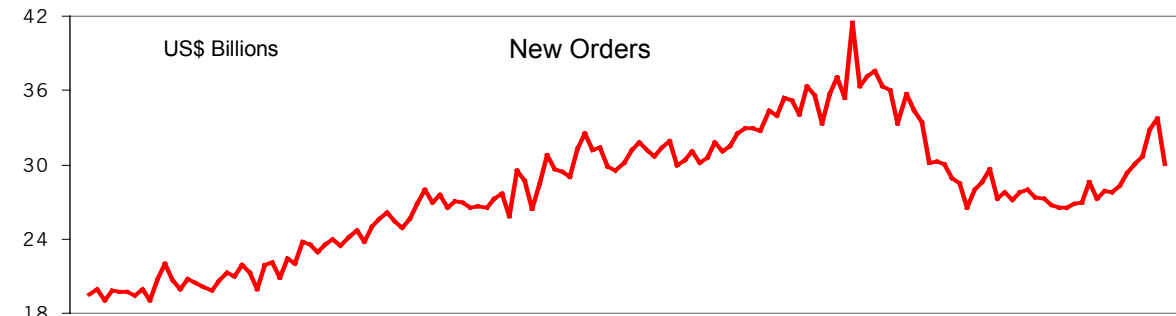
Apex Digital, a Californian company set up by two Chinese immigrants formerly involved in scrap-metal recycling. They set up factories in China in 1998 and they now sell mostly through Wal-Mart and Circuit City.

However traditional consumer electronics companies are not standing still. Sony recently launched its latest *Playstation* (PSX) combining into one single unit a DVD player/recorder, 250 GB hard disk drive, TV receiver, CD player and the “old” PS2 gaming platform. This converged device in fact contains the same core components found in a PC. By including a hard disk drive with up to 250 GB storage, Sony is effectively offering a device with roughly three times the “capacity” of the average PC on sale today.

Consumer electronics proved to be attractive even for giant Intel. The chipmaker recently announced a new technology called LCoS (Liquid Crystal on Silicon) which promises to dramatically reduce the cost of producing flat panel TVs and compete directly with Plasma Display. LCoS employs vast arrays of tiny electronic shutters that can alter the amount of reflected light, an approach that may allow companies to make big-screen TV sets using rear-projection technology that matches or exceeds the quality of flat-panel TVs at a much lower cost than plasma and conventional LCD.

The real beneficiaries of this trend ultimately will be some key component makers. Those companies investing heavily in R&D for key applications (eg. pick-up heads for hard disk drives, optical recording pick-ups or camera lenses etc.) should be able to command higher prices and good margins either by selling their products directly or by licensing the key technologies for a fee to an emerging crowd of assemblers. Innovation is gradually moving from the appliance maker to the component provider. Incidentally this trend is not dissimilar from what already happened in the automobile industry. Companies in Taiwan and China will also benefit by attracting Japanese DVD manufacturers in search of lower production costs.

COMPUTERS AND ELECTRONIC PRODUCTS STATISTICS



Source: NDR

Notes

1. The returns represent the combined income and capital return for the specified period. They have been calculated using withdrawal prices, after taking into account management fees (excluding any performance fees), pre-tax, and assuming reinvestment of distributions. The returns shown represent past returns of the Fund only. 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, returns can be negative (particularly in the short-term).
2. The investment returns depicted in the graphs are cumulative based on A\$10,000 invested in the Funds since inception and relative to their Index (in A\$) as per below:

Platinum International Technology Fund:
Inception 18 May 2000, MSCI Global Technology index in A\$

The investment return in the Funds is calculated using withdrawal prices, after taking into account management fees (excluding performance fees), pre-tax and assuming 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 as trustee for the Platinum Asset Management Trust (*Platinum*) is the issuer of units in the Platinum Trust Funds (*the Funds*).

The Platinum Trust Product Disclosure Statement No 4 (PDS), *for Australian investors*, and The Platinum Trust Investment Statement No 8 (IS), *for New Zealand investors*, provides details about the Funds. You can obtain a copy of the PDS or IS from Platinum's web site, www.platinum.com.au, or by phoning our Investor Services staff on 1 300 726 700 (*Australian investors only*) or 02 9255 7500.

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

DISCLAIMER: The information in this Quarterly Report is not intended to provide advice. It does not take into account the investment objectives, financial situation and particular needs of any person, 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.

© Platinum Asset Management 2004. All Rights Reserved.