PLATINUM INTERNATIONAL TECHNOLOGY FUND

Alex Barbi Portfolio Manager

PERFORMANCE

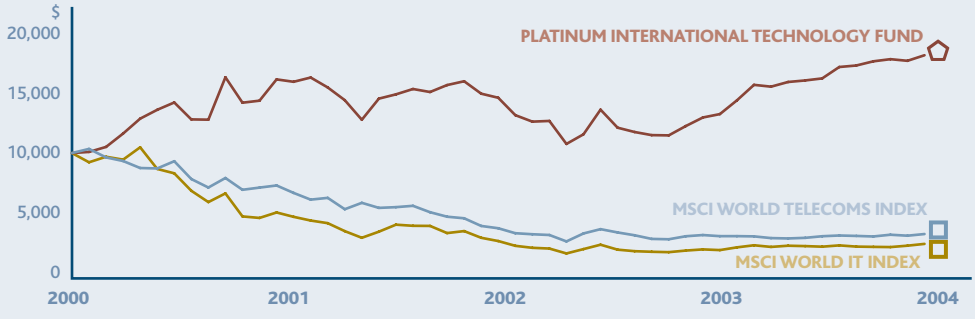
The Fund's performance during the quarter was +2.8 %. The MSCI World Information Technology Index (A$) was +9.4% and the MSCI Telecommunications (A$) Index was +5.8%. For the year to 30 June 2004, the Fund is up 35.8 %, outperforming the MSCI IT Index (+21.9%) and the MSCI Telecommunications Index (+5%). Major contributors to the Fund's performance for the quarter were Zarlink (communication semiconductors +16%) and Parametric Technology (software +11%). This was offset by a negative performance of our Korean, Indian and Chinese holdings, suffering from a widespread decline in Asian markets. Our short positions in selected stocks and Nasdaq had a neutral impact. Our 14% exposure to the Australian dollar and the relatively low exposure to the US dollar (which performed strongly against most currencies) also contributed to our less than satisfactory performance for the quarter.

CHANGES TO THE PORTFOLIO

During the quarter, our exposure to Japan and the rest of Asia remained unchanged at 38% of the Fund's total assets, while we invested in selected North American and European stocks at what we considered attractive entry prices.

The Fund has re-established a position in Agere Systems. Agere was originally the semiconductor division within Lucent (itself the former manufacturing division of AT&T and home to the famous Bell Labs). In March 2001, following a financial restructuring at parent company Lucent, Agere was separated as an independent entity. The early period of independence was tough as it coincided with the start of a prolonged crisis in the telecommunications industry: Agere's technological depth did not help while its customer's markets collapsed. The company went through a painful restructuring and has gradually achieved a more balanced cost structure. Interestingly, its expertise is now highly valued because equipment vendors have sharply pared back their internal engineering teams and they increasingly rely on specialist suppliers.

VALUE OF $10,000 INVESTED SINCE INCEPTION 18 MAY 2000 TO 30 JUNE 2004



Source: Platinum and Factset. Refer to Note 2.

CHANGES TO THE PORTFOLIO continued

The core expertise of Agere lies in signal processing semiconductors. Imagine how difficult it is to pick up a "nano-scale" magnetic charge from a 3.5" disc spinning at 10,000 revolutions/minute! Agere is one of the two leaders in this field. Think further of the complexities of processing millions of data packets travelling at the speed of light. Agere has a market share of 50% in these highly specialised chips. More importantly, Agere's chips are used in applications – such as hard-disc drives for personal video recorders, data-enabled (GPRS) mobile phones and 3G wireless base stations – that we believe will offer interesting growth opportunities in the coming years.

COMMENTARY

A year ago we wrote about the hostile takeover launched by Oracle for rival Peoplesoft, suggesting it might signal the starting point for an industry-wide consolidation process. Twelve months later, the Oracle-Peoplesoft merger has yet to be consummated: the deal still has to receive approval from the US Department of Justice, which is investigating the potential risk of diminishing competition within the software industry should the transaction go through.

The reports and testimonies of the corresponding anti-trust trial have given us an interesting insight into the volatile dynamics of the software industry.

First we learnt that soon after the Oracle bid for Peoplesoft had been announced, Microsoft secretly approached SAP (the European based global leader in Enterprise Applications Software) to discuss a full-scale merger. The proposal was eventually aborted and Microsoft agreed to a more limited technical collaboration. If this merger had gone through, it could have transformed Microsoft into a dominant player in the market for managing payroll, human resources and other financial transactions by large enterprises, with huge implications for the overall level of competition in the industry. Microsoft also briefly considered taking a minority stake in Peoplesoft to block Oracle's bid. "Thinking about this Peoplesoft bid by Oracle made me wonder if we should approach them and suggest a minority investment to bolster their independence in return for a modest platform commitment", Microsoft Chairman Bill Gates e-mailed his CEO Steve Ballmer, the day after Oracle announced its Peoplesoft bid. (This reflects Microsoft's fears that Oracle would convince Peoplesoft clients – mostly using Microsoft database software – to move to Oracle's products; hence the need to counter-attack).

Microsoft was also worried about IBM... "Regardless of the outcome, the dynamics of the industry have changed", Microsoft executive Cindy Bates e-mailed to Ballmer and Gates last June. "We should think proactively in determining our fate, as no doubt the folks in Armonk (IBM) are doing." (Microsoft feared that IBM- another database competitor - could target SAP customers or bid for SAP itself).

We also discovered that over the last year, sales executives from both Oracle and Peoplesoft have been ready to heavily discount (in some instances, up to 95%!) the "recommended price" for their

DISPOSITION OF ASSETS

REGION	JUN 2004	MAR 2004
NORTH AMERICA	29%	18%
JAPAN	20%	19%
OTHER ASIA (INCL. KOREA)	18%	19%
EUROPE	15%	11%
CASH AND OTHER	18%	33%
SHORTS	5%	15%
NET INVESTED	77%	52%

Source: Platinum

BREAKDOWN BY INDUSTRY

REGION	JUN 2004	MAR 2004
TELECOM EQUIPMENT AND SUPPLIERS	27%	18%
SEMICONDUCTORS	18%	15%
ELECTRONIC COMPONENTS	12%	14%
SOFTWARE	11%	7%
OTHER	14%	13%

Source: Platinum

software products' licences. Rather than losing an established account or missing a sale to a new client, software companies have been prepared to sell their products at a fraction of the price they used to charge during the internet boom.

Thirdly, Oracle's CEO admitted that he had considered at least nine potential software companies as possible targets in the past year, and that he is still interested in acquisitions in the areas of Business Information, Applications Software and Middleware Supply Chain, even if the Peoplesoft merger is blocked.

We cannot predict how the Oracle-Peoplesoft trial will be resolved, but in the meantime we note that consolidation is happening nonetheless. More than 400 software company mergers/acquisitions took place during the first six months of 2004. Admittedly, many of these deals were among small players, but this is the fastest pace of software acquisitions since the hey-day of 2000. We suspect larger deals will follow, and we believe that larger players (Microsoft, SAP, IBM etc) will end up concentrating the market down to a size for their own benefit, and the currently depressed profit levels in the industry will finally improve.

INTERNET PROTOCOL (IP) TELECOM NETWORKS

Two quarters ago, we wrote about the implications of Voice over Internet Protocol (Voice over IP or VoIP), and our investment in Zarlink Semiconductor. Since then, we have seen confirmation of trends emerging in various new technologies and signs that the long awaited recovery in the telecommunications equipment market is finally happening.

In the US, during the quarter ending 31 March 2004, the Regional Bell Operating Companies (RBOCs) added a record 1.2 million Digital Subscribers Lines (DSL) to their internet services, while another 1.2 million subscribers were added by competing cable operators offering cable broadband. The total population of the US with broadband access has now reached 27 million! A similar enthusiasm is recorded in Asia, where China added 2.8 million DSL services in the same period, and it now has the largest DSL population in the world with 14 million subscribers! The total world DSL population has reached 73 million, and continues to grow at a rapid pace (+14% from the previous quarter).

Popularity of DSL services is increasing, both in developed countries and emerging markets, thanks to the ubiquity of the plain old telephone system. Copper wires traditionally used for voice calls are now being utilised to deliver access to the internet at increasingly higher speed (up to 2 Megabits per second!). Technological advances in signal compression and bandwidth utilisation now permit the network to deliver full video over DSL in combination with voice calls and high-speed internet access.

The increasing availability of broadband services across the globe is proving to be a powerful catalyst for the widespread diffusion of VoIP. The transition to IP-based telecom networks has also been accelerated by competitive threats that new service providers are posing to large incumbent telecom operators.

In the US, a start-up company called Vonage has been offering unlimited local and long-distance calls within North America for $30 a month (subscribers must have a broadband connection and a telephone adapter, which Vonage is otherwise happy to provide at a discounted price of $30). Phone calls from the US to the UK are charged at US3 cents a minute.

Phone calls offered through VoIP are less expensive, because the conversation is broken up into discrete coded packages and then sent over the internet to be reassembled in sequence at the destination. In this way some of the access charges which typically accrue with traditional telephone companies are avoided. While still early days (Vonage has roughly 150,000 customers), a number of "imitators" are popping up everywhere: cable TV operators (using their digital broadband connections), internet service providers and long-distance companies.

This has recently prompted large telcos like British Telecom in the UK and SBC Communications in the US, to announce multi-billion dollar multi-year plans to upgrade their infrastructure networks to IP and fibre optics technology, in response to rising concerns that customers will be poached by the competition. For the above reasons it is our view that we have finally entered the initial phase of the long-awaited recovery in telecom-related capital expenditure.

Alex Barbi Portfolio Manager

What is VoIP/Internet Voice?

VoIP allows you to make telephone calls using a computer, over a data network like the internet. VoIP converts the voice signal from your telephone into a digital signal that travels over the internet then converts it back at the other end so you can speak to anyone with a regular phone number. When placing a VoIP call using a phone with an adapter, you'll hear a dial tone and dial just as you always have. VoIP may also allow you to make a call directly from a computer using a conventional telephone or a microphone.

How can I place a VoIP call?

Depending on the service, one way to place a VoIP call is to pick up your phone and dial the desired number, using an adapter that connects to your existing high-speed internet connection. The call goes through your local telephone company to a VoIP provider. The phone call goes over the internet to the called party's local telephone company for the completion of the call. Another way is to utilise a microphone headset plugged into your computer. The dialled number is placed using the keyboard and is routed through your cable or DSL modem.

What kind of equipment do I need?

A broadband (high speed internet) connection is required. This can be through a cable modem, or high speed services such as DSL or a local area network. You can hook up an inexpensive microphone to your computer and send your voice through a cable modem or connect a phone directly to a telephone adapter.

If I have Internet Voice service, who can I call?

Depending upon your service, you might be limited only to other subscribers to the service, or you may be able to call any phone number, anywhere in the world. The call can be made to a local number, a mobile phone, to a long distance number, or an international number. You may even utilise the service to speak with more than one person at a time. The person you are calling does not need any special equipment, just a phone.

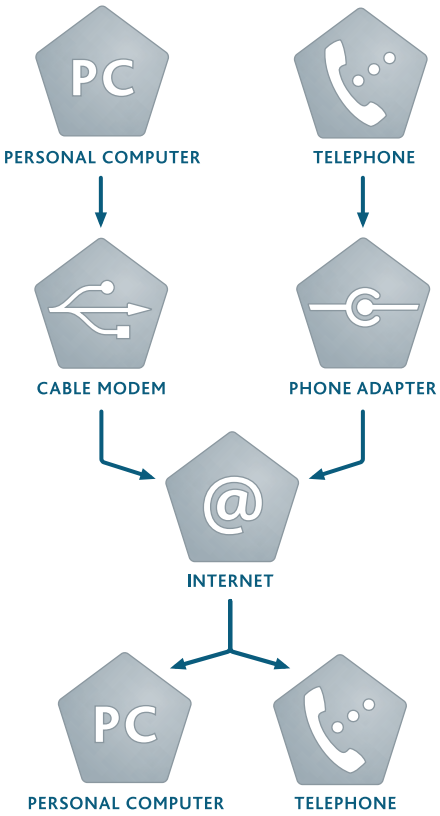
You may be able to use your VoIP service wherever you travel as long as you have a high speed internet connection available. In that case it would work the same as from your home or business.

What are some advantages of Internet Voice?

Because Internet Voice is digital, it may offer features and services that are not available with a traditional phone. If you have a broadband internet connection, you need not maintain and pay the additional cost for a line just to make telephone calls.

With many Internet Voice plans you can talk for as long as you want with any person in the world (the requirement is that the other person has an internet connection). You can also talk with many people at the same time without any additional cost.

Source: US Federal Communications Commission



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 World Accumulation
Net Return Index in A$

Platinum Asia Fund:
Inception 3 March 2003, MSCI Asia Free ex Japan
Net Return Index in A$

Platinum European Fund:
Inception 1 July 1998, MSCI Europe Accumulation
Net Return Index in A$

Platinum Japan Fund:
Inception 1 July 1998, MSCI Japan Accumulation
Net Return Index in A$

Platinum International Brands Fund:
Inception 18 May 2000, MSCI World Accumulation
Net Return Index in A$

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

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.