PLATINUM INTERNATIONAL TECHNOLOGY FUND

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PERFORMANCE AND CHANGES TO THE PORTFOLIO

PERFORMANCE (compound pa, to 30 September 2008)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
PLATINUM INT'L TECH FUND	4%	-12%	2%	3%	7%
MSCI WORLD IT INDEX	2%	-19%	-2%	-1%	-13%

Source: Platinum and MSCI. Refer to Note 1, page 36.

The Fund rose 4.2% during the quarter compared to a 2.2 % rise of the MSCI World Information Technology (A$) Index. The small out-performance was largely driven by a positive contribution from some of our key US holdings with some strong support from currency gains (the Australian dollar lost more than 20% against the US dollar and it was similarly weak against all major currencies). Our decision to maintain a very limited exposure to the Australian dollar (8% at quarter end) has proved to be correct and helped the Fund at a time when technology stocks suffered across the board. By way of example, the technology heavy Nasdaq was down 13% in US dollar terms in the same period.

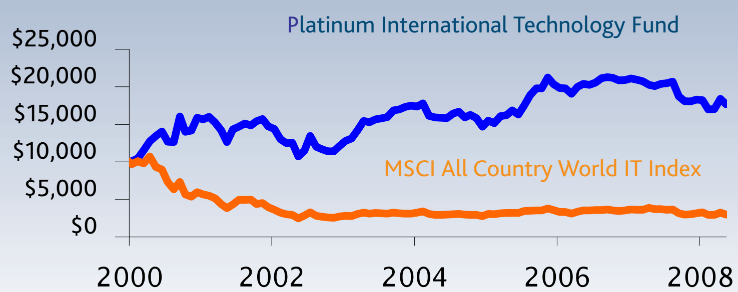
A small contribution to performance also came from our short positions in selected US technology stocks whose excessive valuations revealed a clear disconnection from the current climate of economic slowdown and oncoming recession.

DISPOSITION OF ASSETS

REGION	SEP 2008	JUN 2008
ASIA	28%	26%
NORTH AMERICA	22%	17%
EUROPE	16%	16%
JAPAN	14%	16%
OTHER	0%	1%
CASH	20%	24%
SHORTS	11%	12%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 30 SEPTEMBER 2008



Source: Platinum and MSCI. Refer to Note 2, page 36.

Major changes:

We slightly reduced the Fund's positions in semiconductors (mainly by selling part of our holdings in ST Microelectronics and Taiwan Semiconductors). As consumers across the globe retreat, discretionary areas like consumer electronics will be impacted and manufacturers of electronic components will slow down, hence our more cautious position on a highly cyclical part of technology industry.

We exited at a profit our position in Foundry Networks (data networking) after it was taken over at a 40% premium by Brocade Communication Systems (storage networking).

We slightly increased our exposure to telecom operators by adding to our holdings in Europe (Vivendi) and Taiwan (Chunghwa Telecom). Both companies have solid balance sheets, avenues to grow their businesses even during a downturn, and the ability to pay stable dividends to shareholders.

The Fund's largest positions are in telecom operators (15%), telecom equipment - wireless and broadband (12%), software and IT services (12%) and semiconductors and related capital equipment (10%). We have also taken the opportunity of recent sharp price corrections to selectively add some investments in the solar cell industry (currently about 4% of total exposure).

The Fund's largest individual positions are: Amdocs (market leader in billing software and operating support systems for tier-1 telecom and Pay TV operators), Microsoft (the global software giant), IDS Scheer (a leading German business process software specialist), Cisco Systems (the global leader in data networking and advanced video technologies) and Chunghwa Telecom (the dominant integrated telephone company in Taiwan).

At quarter end the Fund was 80% invested with a 10% short position on selected US stocks and an index, leaving a 70% net exposure.

COMMENTARY AND OUTLOOK

Solid businesses attractively valued

The current market downturn has pushed some of our stocks down to extremely low valuations relative to the last 10 or 15 years. We have seen many technology stocks being dumped even before the bad news is delivered. As is often the case, the market is good at anticipating what the economy is preparing for us: now it is clearly saying that the world is going to face a severe recession.

Prices for many technology stocks already reflect quite a pessimistic scenario. If the current banking system troubles end up damaging the real economy for a protracted period of time, we suspect that the market is right. However, we believe that once the financial system finds its new equilibrium (with some help from the public sector and/or the taxpayer), those companies with solid business models, strong balance sheets and solid competitive advantages will perform relatively better and maintain or increase their leadership positions.

We think that in the near future the market will pay a premium for quality. It will be important to own stocks characterised by high cash flow generation, clean balance sheets (net cash or little debt), high operating margins and large return on capital.

Some of our key holdings are now attractively valued and display very solid valuation and profitability ratios.

The table over is representative of how the Fund's holdings are well-equipped to cope with a difficult economic environment. We think that the majority of the Fund's holdings meet these requirements.

PLATINUM INTERNATIONAL TECHNOLOGY FUND - SELECTED HOLDINGS

COMPANY	MARKET CAPITALISATION (USD MN)	NET CASH (USD MN)	FREE CASH FLOW (USD MN)	PE (FORECAST)	OPERATING MARGIN (%)	ROE %
MICROSOFT	240,309	23,662	21,612	10.4	40.2	52.5
CISCO SYSTEMS	125,014	19,342	12,089	11.6	23.9	24.5
AMDOCS	5,677	727	424	11.3	12.8	15.4
VIVENDI	22,174	-5,140	5,250	7.7	22.2	13.0

Source: Factset, Historic data

Vivendi

French media conglomerate Vivendi traces its roots to 1853 when Napoleon created Compagnie Generale des Eaux (CGE) as a concessionary facility to supply water to the cities of Lyon and Paris. The company prospered for more than a century, progressively evolving into a diversified industrial conglomerate. In the mid-nineties, a modern day Napoleon (the flamboyant CEO Mr Messier), led an aggressive expansion programme into telecom, media and the internet and brought the group to the verge of bankruptcy. In 2003, a change in management (Mr Messier was fired), and a pragmatic restructuring strategy, signalled the beginning of a more rational Vivendi. The company started selling peripheral assets to reduce debt and focused on markets where they could play a role as primary competitor. At the end of a five year process, the businesses kept by Vivendi are now run by industry leading management and hold dominant market positions in their respective fields.

Since 2007, management has executed four reasonable acquisitions. They merged their French mobile phone operator with the third biggest broadband provider in the country. Pure play mobile operators often rely on the fixed line networks of competitors to 'backhaul' traffic between their towers, the telephone network and the internet. This merger effectively shields Vivendi from backhaul cost inflation as data volumes increase rapidly on their network. It also provides scale in the fast growing broadband market and permits them to offer 'bundles' (combinations of landline, internet, and mobile services) to customers.

In smaller deals, Vivendi's French Pay TV operation merged with their main competitor to create a Foxtel-like monopoly. Vivendi also gained majority ownership of the most profitable entertainment software company in the world by merging their games division with leading US console software publisher, Activision. Finally, their Universal Music business bought rival Bertelsmann's music publishing assets.

Vivendi's "utility"-like revenues should be more resilient than its more cyclical peers in a downturn and each acquisition should improve efficiency, reduce competition and increase pricing power. As a result Vivendi has a relatively low risk avenue to grow profits despite the market's fear of a consumer recession.

The media sector is disliked due to the structural challenges faced by 'old media' in the internet era and the cyclical headwinds of an emerging consumer and advertising recession. Vivendi is also penalised by a further discount often applied to conglomerates for their complex structures and acquisitive ways.

For these reasons Vivendi trades at a very low 8x PE for 2008, a clear discount to "pure-play" peers. With a market capitalisation of €22 billion, manageable debt, and a 7% dividend yield, we feel more than compensated for the risks.

OUTLOOK

We think that radical changes in fiscal policies in Europe, the United States (with likely a Democrat president) and in China (moving to a domestic consumption oriented approach) will have to be adopted to mitigate the negative effect of a global recession. European governments are already calling for relaxation of the EuroZone stability pact (limiting government deficits to 3% of GDP) in order to save their banking industry first, and stimulate economic growth after. This will take time, and probably will change the growth profile of many industries. Capital will be re-allocated away from some areas (for example less money spent on defence, housing or retail floor space) and into previously neglected ones (public infrastructure, energy generation or renewable energies). The consequences of these radical changes will be evident only in the long-term but in the meantime companies will have to adapt to contain damage and/or benefit from the evolving landscape.

Though one cannot be particularly excited about the recent performance of tech stocks, at the same time, as investors, we now have available a number of first-class quality companies at increasingly attractive valuations. It will be our job in the next few weeks and months to identify and invest in those technology stocks which we believe will benefit from the emerging trends described above.