PLATINUM INTERNATIONAL TECHNOLOGY FUND

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PERFORMANCE

The Fund rose 5.2% during the quarter, with most of the tech sector recovering from the sharp decline of the previous quarter. Among the best performers during the quarter globally were PC & hardware (+17%), and semiconductor equipments (+13%), while in the US, software stocks rose on average by 23%.

For the year to 31 December 2004, the Fund rose 4.6%, outperforming the MSCI IT Index (-1.1% in A$ terms), but it lagged the MSCI Telecommunications Index (+12 % in A$) as investors took refuge in more defensive telecom operators stocks. The broader Nasdaq Composite Index was up 4.8 % in A$ terms.

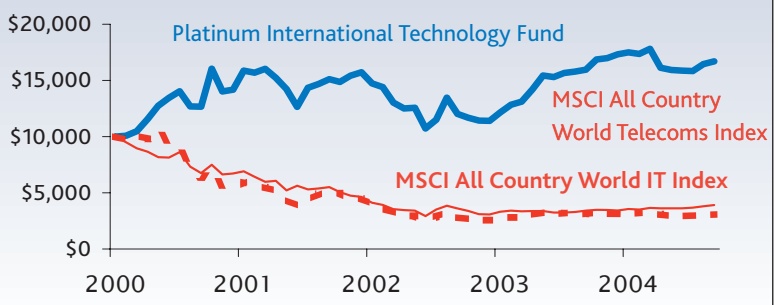
Major contributors to the Fund's performance for the quarter were Advanced Micro Devices (semiconductors +71%), Ramco Systems (software +62%), and Foundry Networks (data networking +38%). This was offset by the flat performance of our Japanese holdings and by the negative contribution of our short positions. During the quarter, we reduced our US$ exposure and hedged into A$ and yen.

DISPOSITION OF ASSETS

REGION	DEC 2004	SEP 2004
OTHER ASIA (INCL KOREA)	26%	22%
NORTH AMERICA	22%	24%
JAPAN	19%	18%
EUROPE	13%	10%
CASH	20%	26%
SHORTS	5%	15%
NET INVESTED	75%	59%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 DECEMBER 2004



Source: Platinum and Factset. Refer to Note 2, page 6.

CHANGES TO THE PORTFOLIO

We closed our short position on the Nasdaq after the US election results, and removed some short positions as the oil price started receding from a peak of $55 to the current low $40s. We considered these two factors as impacting positively - at least temporarily - on US consumer confidence and investor sentiment.

We re-established a position in Ericsson, after reviewing our forecasts for capital expenditure in the wireless industry. We believe that telecom operators will start accelerating expenditure on infrastructure once greater segments of the population start adopting next-generation mobile services (known as 3G services).

While emerging competition from new Asian players has started to appear in Europe, we believe that Ericsson's global leadership in wireless infrastructure will grant it a very strong competitive advantage in this growing market.

We also introduced a new position in Hong Kong-listed Hutchison Telecommunications International (HTI). Majority-owned by conglomerate Hutchison Whampoa, HTI is an attractively valued telecom group with interests in mobile businesses in India, Thailand, Hong Kong and Israel. We consider India a market with high potential for sustainable growth in mobile communications, and HTI as an attractive way to invest in this theme.

Our net invested position at the end of the quarter stood at 75%.

COMMENTARY AND OUTLOOK

In the last quarter of 2004, increasing certainty over the US election outcome along with the declining price of oil partly contributed to renewed investor confidence in the stock market. Tech stocks enthusiastically participated in the recovery, sometimes ignoring the negative news flow which suggested a slowdown in final demand, or the danger of excessive inventories in the system.

A particularly strong performance was recorded by internet stocks, with recently listed Google rising 132% above the $85 price set for its Initial Public Offering, while "veteran" internet stocks like Ebay and Yahoo also recorded solid price increases. Valuations for some of these names are back at sky-high levels: Ebay reached a price-earnings (P/E) ratio of 96 times 2004 earnings, and Yahoo was trading at 110 times 2004 (earnings). Google's market capitalisation is a robust $53 billion with a P/E ratio of 77 times and price-to-sales ratio of 18 times. To some extent, we recognise some of the same euphoric characteristics that were evident in late 1999: high valuations, a high number of IPOs and secondary offers, and insiders' sales reaching levels unseen since 2000. The only difference between 1999 and now is that five years ago the majority of internet companies were finding bids at ridiculous levels, seemingly regardless of the viability of their business model or their future profitability. Today, the internet "survivors" are very profitable, with established successful business models, and their markets enjoying enviable growth rates. For example, during the ever important pre-Christmas sale season, the US saw online sales up 25-30% year-on-year and internet advertising enjoying a remarkable 35% year-on-year growth rate.

A more subdued tone has characterised the semiconductor and semiconductor equipment sectors. For the year 2004, the Philadelphia Semiconductor Index (SOX), representing US semiconductor companies, was down 15% and is

only part of the way to recovering from its September lows. During the first part of 2004, most PC and electronics goods assemblers rushed to accumulate components (memory chips, flat panels, hard disk drives etc) on the assumption of accelerating demand for their products. Unfortunately, slowdowns in several end-markets, including mobile phones in China, enterprise computer hardware and networking kits in the US, were among factors contributing to a generalised inventory correction.

Looking at 2005, we think that the greatest risk for technology stocks lies with the US consumer ability to maintain current levels of spending. The pace of growth may slow down more if unemployment and interest rates start heading in the wrong direction.

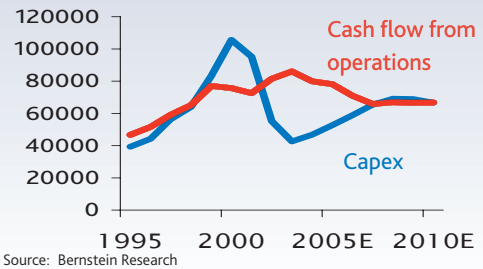
In the medium term though, we agree with commentators suggesting that the consumer electronics industry is somewhat similar to that of discount airlines: cheap prices will ultimately trigger big increases in demand - for goods like LCD TVs, digital video recorders or video mobile phones. Historically, consumers have demonstrated a propensity to buy "unnecessary" consumer goods once they are affordable enough (ten years ago, very few people would have forecast China to have 330 million mobile subscribers by now - more than any other country on earth!)

A new wave of capital expenditure in Telecommunications

Telecommunication services is an asset-intensive, high-fixed cost business with very low marginal costs and, since the early 1990s, also an increasingly competitive industry. Similar to railroads, airlines or utilities, it is a cyclical industry and is subject to the same capacity induced boom-to-bust cycle over time.

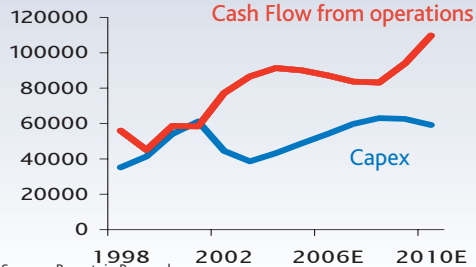
After the excesses of the internet boom of 1999-2000 and the subsequent decline in telecommunications investment which lasted until 2003 (see the following charts), the forces of cash-flow, industry competition, pent-up demand for new applications and cost-effective technology came back into play. Capital spending in telecommunications has been recovering, with a strong bias towards investing in mobile network capacity/upgrades.

NORTH AMERICAN CARRIER CAPEX VERSUS CASH FLOW FROM OPERATIONS FORECAST ($mn)



Source: Bernstein Research

EUROPEAN CARRIER CAPEX VERSUS CASH FLOW FROM OPERATIONS FORECAST ($mn)



Source: Bernstein Research

In Europe, the need for wireless infrastructure is going to be the main driver behind renewed capital spending. In the UK and Italy, the aggressive marketing tactics of new market entrant Hutchison's 3 (offering highly subsidised handsets and cheap voice tariffs) have already been creating strong demand for new third generation ("3G") handsets.

With current GSM/GPRS networks (114 kilobits-per-second speed), it takes as much as ten seconds to download a photo, four minutes to download a song, and fifteen minutes to download a video-clip. Initial deployments of 3G networks allow ten times' faster connections. With High Speed Downlink Packet Access (HSDPA), an evolution of 3G to be released within the next two years, speed will reach 8-10 megabits per second. Imagine how easy it will be for teenagers to download music videos or watch TV on their phones!

Even more importantly, incumbent mobile operators like Vodafone, TIM and Telstra, who have so far resisted responding to Hutchison's marketing moves/strategy, are now facing the reality of losing subscribers unless they start offering similar 3G services. Spending on infrastructure is going to be part of their defensive strategy and a "network effect" similar to that triggered by early internet adopters will ultimately force them to add capacity and/or upgrade their networks.

What will be the new killer applications? We cannot know yet, but similarly ten years ago we would not have imagined that SMS (text messaging) would become the successful application it is now. Ultimately, ease of use and affordability will determine the success of new applications.

The success of iPod may be a case in point. Apple's MP3 music player and its iTunes software to download music from the internet has succeeded in an industry otherwise under threat from piracy, and considered to be on the brink of virtual extinction.

This has drawn the attention of handset manufacturers and telecom operators. In fact most of the basic components needed for an MP3 player (audio interface, power amplifier and headphone jack) are already built into a mobile phone. Adding memory capacity in the form of a mini-hard disk drive or flash memory module is the only major step required to enable a phone to become an MP3 player. Motorola has partnered with Apple to use iTunes software in a line of digital music phones to be launched in 2005. Similarly, Samsung and LG expect to launch music phones in the US during the next few months.

In the US, local phone companies are under fierce attack from many directions: mobile operators offering services at increasingly lower tariffs; cable companies offering Voice-over-IP (VoIP) phone services, broadband internet access and video on demand; wi-fi hotspots popping up in major towns and cities and offering wireless internet connections … rank among the new industry hazards. During the last two years, the four largest US local telecom

operators have lost 10 of an original 156 million traditional land lines. The intensity of competition is such that they are considering selling their less profitable lines and concentrate their investments in mobile technology or new fibre-optic networks. Whether competition comes from the air or from the pay-TV set-top-box, telecom operators will have to spend to survive. Both Verizon and SBC Communications have announced multi-billion dollar plans to link the bulk of their users to high-speed fibre networks.

Emerging markets are also participating in this telecom revolution with gusto. In China, more than 20% of the population uses mobile phones (up from 4% at the end of 1999). In India, there are now 47 million wireless users (corresponding to a market penetration rate of 4%) compared to 1.5 million just five years ago! The Indian wireless market has three key characteristics indicative of a profitable industry: the absence of handset subsidies, a large proportion of pre-pay users removing risks associated with credit collection, and low capital expenditure requirements thanks to the maturity of the technology deployed (mostly first-generation GSM). The downside risk is that the five or six operators in the country engage in the damaging practices of pricing wars.

The forecast growth in traffic within telecom networks, their increased complexity and ability to deliver voice, data and video simultaneously and efficiently, will force telecom operators to spend money.

Perhaps the most important transformation facing telecom equipment vendors in the next few years is the migration of telecom service operators to a Next-Generation Core Network architecture. In previous reports, we spoke about VoIP and its impact on the cost of making phone calls and the risks/opportunities associated with this technology for telecom service providers. Similar challenges for equipment vendors are just around the corner.

A new Internet Protocol network architecture called IP Multimedia Subsystem (or IMS) has recently been defined by the 3G Partnership Project and the Internet Engineering Task Force, the two key standard-setting organisations in their respective areas (3G mobile and the internet). The new IMS networks will have to support user applications which comply with standardised interfaces regardless of the device used to access the networks. That means that in the near future, an IMS-compliant network will be able to deliver a landline voice call, a video stream or a 3G mobile call originating from a copper telephone line, a fibre-optic cable or a wireless radio. In this context, hardware will increasingly become more standardised, while software for network management, security, tracking subscribers, usage and billing will become important points of differentiation. Only those operators and vendors able to adapt to this slow but inevitable change will profit from the transition.

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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