PLATINUM INTERNATIONAL TECHNOLOGY FUND

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PERFORMANCE

During the quarter the Fund rose 3.7% compared to an increase of 1.1% in the MSCI World Information Technology Index and an 8.2% increase in the MSCI Telecommunications Index (A$).

For the full year to 31 December 2006, the Fund performance was +11.9%. During the same period the "tech-heavy" Nasdaq Composite Index rose 10.4 % (in US$) or 2.7% (in A$).

CHANGES TO THE PORTFOLIO

Major purchases: Sony, Samsung Electronics, Taiwan Semiconductor Corp, Adva Optical Networks.

Major sales: Alcatel, China Mobile

We decided to partly reduce our exposure to Alcatel. After reviewing details of the merger with Lucent we took the view that the integration would be longer and more challenging than previously expected. However, we still remain exposed to the theme of telecom capex with positions such as Adva Optical Networks and Ericsson (a 5% holding in the Fund). China Mobile was sold after rising more than 20% in the quarter.

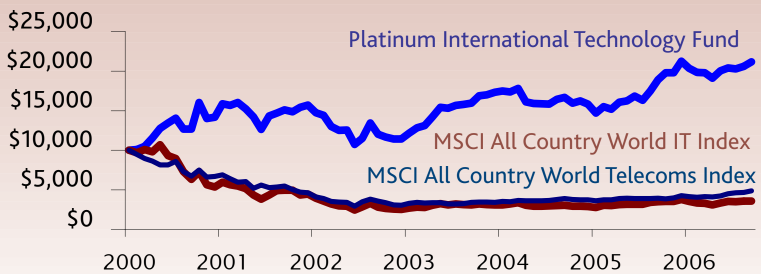
We introduced Sony, confident that the group has key strengths (new PlayStation, HD TV technology and movie business) not fully appreciated by the market. Taiwan Semiconductor has been purchased on the assumption that it will benefit from the outsourcing trends developing in the semiconductor industry (please refer to our September 2006 report).

DISPOSITION OF ASSETS

REGION	DEC 2006	SEP 2006
OTHER ASIA (INCL KOREA)	28%	23%
NORTH AMERICA	20%	24%
JAPAN	16%	17%
EUROPE	16%	14%
CASH	20%	22%
SHORTS	5%	3%

Source: Platinum

VALUE OF $10,000 INVESTED SINCE INCEPTION
18 MAY 2000 TO 31 DECEMBER 2006



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

COMMENTARY

Internet Advertising

In our March 2005 quarterly report we discussed the emerging phenomenon of Internet advertising (then a $10 billion market) and how Google and Yahoo had grown to capture nearly two thirds of all searches on the Internet. Since then, growth has accelerated, with the Internet advertising industry in the US alone currently estimated at $16 billion, and growing at 28% year-on-year. While Internet advertising is still a relatively small portion of the total advertising market (5-6%), its expected growth rate of 20% pa over the next few years is in sharp contrast with the slow growing and more mature segments of newspapers, TV and radio advertising, growing at 0-2% pa.

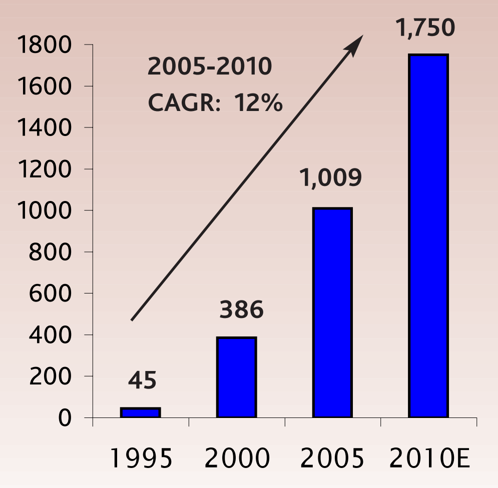
The key trends driving Internet advertising growth are:

- more Internet users, expected to reach 1.7 billion globally by 2010.

- more time spent by users browsing on the Internet.

- a better experience (better content and faster connection speed).

Global Internet Users (millions)



Source: Yahoo Analyst's Day

The increased adoption of broadband is changing the nature of the Internet, which is slowly evolving from a pure information repository to an entertainment source. Video, audio and games rather than plain text and pictures can now be accessed with much improved quality. According to Neilsen/Netratings, 78% of active home Web users in the US were connected via broadband in November, up from 65% a year ago.

Consumers are also spending more time communicating through the Internet, with tools like email, instant messaging and VoIP technology, increasing the amount of time in front of the screen (estimated at around 19% of the time spent consuming media).

It is logical to expect that big marketers will chase "eyeballs" wherever they are, and will dedicate increasingly larger advertising budgets to the Internet.

Even mobile phones are likely to become an important target for advertisers. With the introduction of high-speed third generation (3G) phones, we will increasingly surf the Internet through the handset and not solely via the PC. Wireless Broadband is creating millions of potential advertising screens where "ads" can be delivered in the form of banners, text messages, digital coupons etc … In the US, mobile phone operators Sprint and Verizon have recently allowed advertisements to appear with content that is listed on their menus. While cautious not to upset subscribers with ads which could be too intrusive, telecom operators are keen to capitalise on a market still in its infancy ($45 million in 2005) but expected to reach $1.3 billion by 2010.

Search Engines

The most successful form of Internet advertising in the past few years has been "search advertising" (42% of the total Internet advertising market and growing 30% year over year).

In the US the leader in this category is Google with 62% market share, followed by Yahoo with 22% and distant third is Microsoft with 10%.

How does it work?

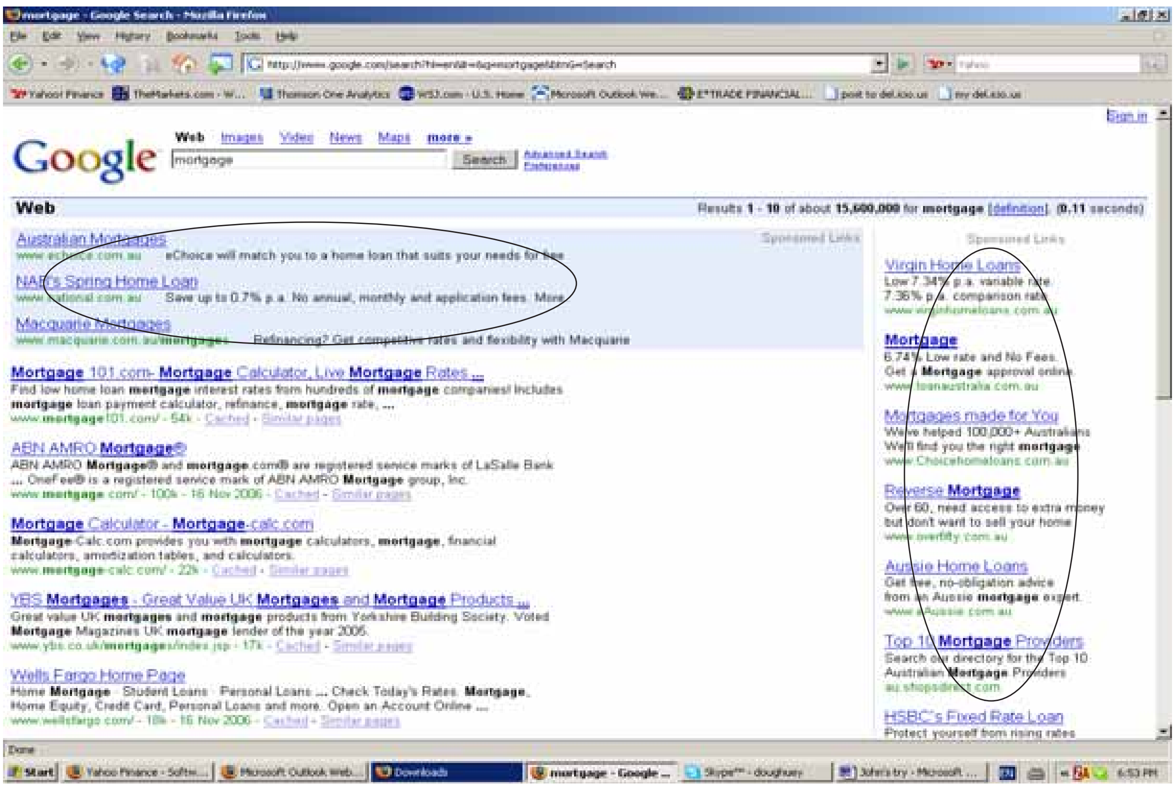
Whenever you type a word in the search box of Google.com, Yahoo.com or MSN.com, a long list of results will appear ranked according to various relevance criteria. (Google was particularly clever in being first to develop a method to calculate how many websites and web pages link to a single page, creating a sort of "rank by popularity" system). You will notice, however, that some search results will be listed on the right side of the page or highlighted at the very first spots of the list. These are so-called "Sponsored Links" or Sponsored Ads and the advertisers are paying Google/Yahoo/MSN every time you click on these links. This method is called Pay per Click. Advertisers acquire this right to place their ad in the privileged spots after bidding for "keywords" that they believe their potential target customers would type in the search bar when looking for a product or service.

This is how a Google page might look if you search for a “mortgage”:

The moment you click on a Sponsored Link, Google would make on average US46 cents. The average cost per click varies from a few cents to US$15-20 for the most coveted words (for example clicks related to financial products tend to attract relatively higher prices). When the click originates from the search company's own site, it keeps all the revenues. In cases where Google (or Yahoo/Microsoft) inserts advertisements on a third party website, it will share the revenues with this original traffic originator. The revenue split varies from about 60 to 80% in favour of the traffic provider and it creates a huge incentive even for independent small businesses to carry the Google links.

Social Networking

The amount and variety of content online is also increasing, not only as traditional media companies post material on various websites, but also with "user generated content" from personal pages on so-called "social networks".



In September 2006, one in 20 Americans had visited a social networking website, twice as many as the year before. In November 2006, Myspace.com was the most popular website in the US with 4.74% of all Internet traffic (just ahead of Yahoo Mail with 4.24%). Similarly Yahoo's photo sharing/social network hybrid website Flickr.com had cumulated 200 million photos from its users (Source: Hitwise.com).

In July 2005, News Corp bought for $US580 million MySpace.com, an Internet site for teens and young people keen to register their personal profiles and to exchange messages, photos, music, video, blogs etc with existing and potential friends. Many commentators thought that Rupert Murdoch had paid well above fair value. Yet 12 months later MySpace has not only become the most popular US website, but it has also signed a deal where it would receive $900 million in exchange for Google to place search and display (banner) advertising on MySpace users' pages. Not bad for such a seemingly casual website.

Why has MySpace been so successful? The most interesting explanation about MySpace's appeal was given by Danah Boyd, a social researcher at Yahoo and Berkeley PhD student:

"So what exactly are teens doing on MySpace? Simple: they're hanging out. Of course, ask any teen what they're doing with their friends in general; they'll most likely shrug their shoulders and respond nonchalantly with "just hanging out." Although adults often perceive hanging out to be wasted time, it is how youth get socialized into peer groups. Hanging out amongst friends allows teens to build relationships and stay connected. Much of what is shared between youth is culture - fashion, music, media. The rest is simply presence. This is important in the development of a social worldview … For many teens, hanging out has moved online. Teens chat on IM for hours, mostly keeping each other company and sharing entertaining cultural tidbits from the web and thoughts of the day. The same is true on MySpace, only in a much more public way. MySpace is both the location of hanging out and the cultural glue itself. MySpace and IM have become critical tools for teens to maintain "full-time always-on intimate communities" where they keep their friends close even when they're physically separated. Such ongoing intimacy and shared cultural context allows youth to solidify their social groups … Teens have increasingly less access to public space. Classic 1950s hang out locations like the roller rink and burger joint are disappearing while malls and 7/11s are banning teens unaccompanied by parents. Hanging out around the neighbourhood or in the woods has been deemed unsafe for fear of predators, drug dealers and abductors …"

The digital equivalent of the roller rink and one where Google is comfortable to invest $900 million to attract advertisers! Do visit MySpace and you may be astonished at the time, effort and in some cases, the sophistication of the pages or pads that users have "decked-out". These pages are a statement about "ME" the individual and what I am interested in - a form of invitation to friendship.

Later in 2006 Google also acquired for $US1.65 billion Youtube.com, a free video website which lets users upload, share and download video clips. The website uses widely available video Flash play-back technology without requiring the viewer to permanently download any new software on his/her PC. Available content includes movie and TV clips, music videos as well amateur material such as video-blogs. Barely a year since its foundation in February 2005, Youtube had grown to serve up to 20 million daily videos and immediately became an attractive prey for Google, keen again to exploit the huge audience glued to the popular website.

In light of the tremendous success enjoyed by these emerging social networks, large established companies like Yahoo and Microsoft have eventually taken notice and they are now frantically devising new strategies to keep up with the fast changing landscape.

Microsoft has redesigned its MSN.com website and search engine while it is introducing new technology aiming to leverage its huge database of Hotmail subscribers. With 263 million users, the

Microsoft free email service already stores details of individuals such as age, occupation, address etc … If a subscriber uses Live Search, Microsoft new search engine can keep a record of the words searched and the results they clicked on. The new technique, named Behavioural Online Ad Targeting, combines this information and allows advertisers to better target the ads they send to each individual's PC and avoid wasting people's time with irrelevant messages. Indeed it's Big Brother at work! (although Microsoft has ensured that it won't pass people's names and addresses to advertisers).

Similarly Yahoo is redesigning its Search Advertising platform (code-named Panama) to better leverage its huge audience (nearly 500 million monthly visitors to their websites). Currently Yahoo's ad system gives the most coveted placement to the advertisers who bid the most per click. By contrast, Google's technology considers additional factors, such as the frequency with which consumers click on each ad ("click-through" rate), to determine the order in which the ads are displayed. This approach generates more revenue per search, since the most popular ads for any query appear more prominently, increasing the click-through rate.

While not an easy task, Yahoo's management is confident that its Panama project will improve its search engine deficiencies and will also introduce useful elements of behavioural advertising. We believe that Yahoo's share of Internet advertising is lower than its full potential, given its huge share of Internet traffic, and that the newly adopted plan offers the stock considerable upside.

The Fund has exposure to the theme of Internet advertising through its holdings in Yahoo, Sohu (second largest Chinese portal), Liberty Media Interactive (a holding of e-commerce businesses) and Microsoft (the owner of MSN.com).

YouTube Broadcast Yourself™

myspace® a place for friends

OUTLOOK

The Fund remains tactically positioned for a seasonally slow start of the new year after the traditionally strong Christmas sales in consumer electronics (TVs, mobile phones, games platform etc).

We maintain our exposure to our favourite themes of broadband access, wireless Internet, electronic memory (DRAM and NANDs) with our core holdings in Ericsson, Samsung Electronics, Microsoft and Adva Networking. We are confident that these stocks will be able to deliver superior returns in the medium term.

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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