Platinum International Technology Fund

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Disposition of Assets

REGION	DEC 2012	SEP 2012
Asia	34%	36%
North America	19%	19%
Europe	18%	17%
Japan	6%	3%
Africa	1%	0%
Cash	22%	25%
Shorts	1%	2%

Source: Platinum

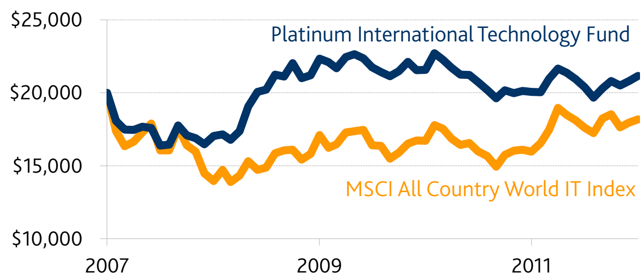
Performance and Changes to the Portfolio

The Fund's value rose 1.7% during the quarter, while the MSCI World Information Technology (A$) Index fell 2%. Over 12 months, the Fund has recorded a 5.4% return while the Index rose by 13.9%.

During the quarter the best performers in the Fund were the optical networking/component makers (Ciena and O-Net Communications), the Korean stocks (Samsung Electronics, KT Corp and Melfas) and Taiwan Semiconductor Manufacturing Company. Amongst the laggards were the more defensive telecom operators such as Vodafone and Far Eastone Telecom, and China Internet portal, SINA Corp.

Value of $20,000 Invested Over Five Years

31 December 2007 to 31 December 2012



Source: Platinum and MSCI. Refer to Note 2, page 4.

Commentary and Outlook

After witnessing the launch of the first very expensive GSM digital mobile phones in Europe more than two decades ago, and their rapid proliferation in Europe in the early nineties, we are now amazed at how technology has evolved and made these devices affordable to billions of people.

With an estimated 2.5 billion mobile phones sold on the planet this year we have come a long way from those early bulky devices. Technology has constantly advanced and we are now embracing the 4th generation (4G) of mobile phone communication standards. The most popular one now being adopted is the so-called Long Term Evolution (LTE) technology, which for the first time does not support traditional circuit-switched telephony service but only all-Internet Protocol (IP) based communication i.e. data packets. What does this mean?

It means that the proliferation of smartphones and tablets connected to the Internet will fuel even faster growing data traffic through a network optimised for data and it will make these gadgets faster and more user friendly.

So what are the benefits of 4G? For the mobile phone subscriber the advantage will be mostly in faster download speed when accessing the Internet. LTE networks have a (theoretical) downlink peak rate of 300 Mbit/second which is 20 times faster than 3G networks technology available four years ago. Without entering into the specific details of LTE, the key point to understand is that its main advantage is its better spectral efficiency i.e. higher amount of data that can be transmitted over a portion of spectrum, often expressed in bps/MHz = bits per second/Megahertz.

This will not only make the Internet browsing experience easier but it will facilitate the adoption/consumption of more data-intense applications (video downloads, video-conferencing, online gaming etc).

Please bear in mind that "theoretical" speeds are … well … theoretical and what you experience in real life will almost certainly initially be slower than nameplate speed, as telecom operators design and build their networks considering also its economic viability (ability to charge higher price for a better service) and other technical factors (coverage, capacity utilisation etc).

Carriers are facing the challenge of declining voice revenues and rapidly increasing data traffic. Ericsson estimates that by 2017 there will be 5 billion mobile broadband subscribers globally (versus 1.1 billion in 2011) with 50% LTE coverage (on global population) and 85% 3G coverage. Data traffic is projected to grow by 15 times or around 60% pa, a figure consistent also with what Cisco is predicting for data to grow at 70-80% between 2011 and 2016.

Some analysts compare telecom operators to airline carriers in that airlines buy aircrafts from Boeing and Airbus. In fact, mobile operators buy their networks from the likes of Ericsson, Huawei, Nokia-Siemens and Alcatel-Lucent and even their network maintenance in some instances. The availability of radio spectrum licenced to service providers is a form of barrier to entry similar to the landing slots allocated to airline carriers in each country. Both industries were once dominated by state monopolies and later privatised, with new entrants increasing the level of competition. However, this is where the similarities end.

Unlike airlines, the barriers to entry in telecommunications are higher. Firstly, capital requirements are higher in telecom as networks are generally built and owned, not leased like aircraft. Secondly, spectrum allocation in a country is more difficult to obtain than landing slots, which can be partially augmented by smaller regional airports, as low-cost airlines have successfully demonstrated.

For the above reasons, one way for a telecom operator to establish a sustainable competitive advantage is to build a superior quality network through investments in spectrum and leading-edge equipment.

So will telecom operators invest in more capacity and better networks in future years? The answer is yes. Those who can afford it will because they have no alternative and if they don't, their competitors will.

In the US this quarter we witnessed a series of events/announcements suggesting that telecom operators are determined to spend their dollars on their networks. Mobile carriers have started putting their dollars to work in order to accelerate their LTE networks rollouts. Sprint Nextel Corp has recently received a US$20 billion investment from Softbank Corp which has ambitions to replicate in the US what it achieved in Japan. AT&T announced US$14 billion of additional investments over three years, 60% of which dedicated to wireless. Deutsche Telekom, which has underinvested in its US subsidiary until now, announced it will increase its capital expenditure to US$4.8 billion in 2013, up from US$3.2 billion in 2012.

The recent North American race to invest surely depends on the renewed competitive tensions emerging in the US but it may not be an anomaly. In fact, LTE networks are rapidly being rolled-out across the globe. According to Deutsche Bank's estimates, in November 2012 there were 128 commercial LTE networks in operation globally, up from 49 in May 2012.

Currently, there are 45 million LTE subscribers across the globe and the estimates are that 120 million LTE handsets will have been shipped by the end of 2012. Samsung and Apple alone are expecting to deliver 275 million LTE phones in 2013 and if we add the smaller manufacturers there could be 360 million LTE-enabled phones sold next year!

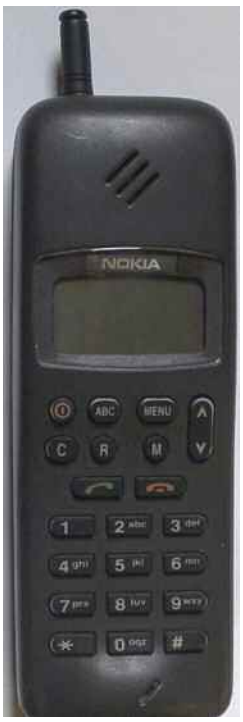
To cope with this incoming data avalanche, network operators will have to increase coverage and capacity in their networks and invest in faster and more efficient LTE equipment. At the same time, handset, laptop and tablet manufacturers are re-designing and upgrading their devices to incorporate the new technologies, creating strong demand for a variety of components (Dynamic random-access memory, touch panel displays, batteries, sensors, power amplifiers, application processors etc).

The investment theme of smartphones and LTE is probably the most important one for technology in 2013 given the number of sectors and companies involved and that is where our research efforts are currently directed.

Large cap technology stock valuations remain extremely attractive compared to their history and to smaller cap stocks and the Fund remains positioned accordingly. Among the Fund's holdings, Samsung Electronics trades at 10x P/E for 2012 after growing earnings 20% this year. Similarly, Microsoft trades at 9.7x P/E for June 2013 and Cisco trades at 10.3x P/E July 2013.

Nokia 1011 GSM phone

Specifications: Weight 475 grams!, talk time 90 minutes



Source: http://nokiamuseum.info/nokia-1011/

Samsung Galaxy S III LTE

Specifications: Weight 133 grams, talk time 507 minutes (22.5 hrs)

Source: http://images.samsung.com/is/image/samsung/hk-en_GT-I9305TADTGY_015_faceup_white?$Download-Source$

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 historical 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).

   The inception dates for each Fund are as follows:
   Platinum International Fund: 30 April 1995
   Platinum Unhedged Fund: 31 January 2005
   Platinum Asia Fund: 4 March 2003
   Platinum European Fund: 30 June 1998
   Platinum Japan Fund: 30 June 1998
   Platinum International Brands Fund: 18 May 2000
   Platinum International Health Care Fund: 10 November 2003
   Platinum International Technology Fund: 18 May 2000

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in the relevant Fund over five years from 31 December 2007 to 31 December 2012 relative to their Index (in A$) as per below:
   Platinum International Fund - MSCI All Country World Net Index
   Platinum Unhedged Fund - MSCI All Country World Net Index
   Platinum Asia Fund - MSCI All Country Asia ex Japan Net Index
   Platinum European Fund - MSCI All Country Europe Net Index
   Platinum Japan Fund - MSCI Japan Net Index
   Platinum International Brands Fund - MSCI All Country World Net Index
   Platinum International Health Care Fund - MSCI All Country World Health Care Net Index
   Platinum International Technology Fund - MSCI All Country World Information Technology Net 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.

3. Long invested position represents the exposure of physical holdings and long stock derivatives. The net invested position represents the exposure of physical holdings and both long and short derivatives.

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