Platinum International Technology Fund

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Disposition of Assets

REGION	DEC 2013	SEP 2013
Asia and Other	32%	30%
North America	21%	26%
Europe	18%	22%
Japan	12%	11%
Africa	3%	2%
Cash	14%	9%
Shorts	4%	2%

Source: Platinum

Performance and Changes to the Portfolio

(compound pa, to 31 December 2013)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Int'l Tech Fund	13%	49%	13%	13%	9%
MSCI AC World IT Index	16%	47%	17%	14%	-5%

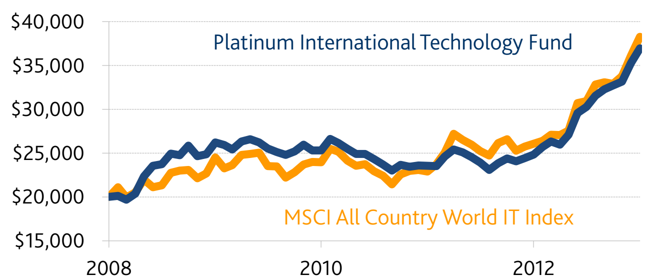
Source: Platinum and MSCI. Refer to Note 1, page 4.

In 2013, technology stocks recorded a very strong performance, with the Nasdaq 100 Index up 35% in US dollars and the MSCI World Information Technology Index up 47% in Australian dollars. In this context, the Fund performance was pleasing, returning 49% for the year and 13% for the quarter.

Among the Fund's best performers and major contributors were: Naver Corp +37% (Korean gaming and social network leader), Micron Technology +26% and SK Hynix +22% (DRAM and NAND memories), Google +26% and Samsung Electronics Preferred stock +19%. Chinese internet stocks were less ebullient this quarter but still up between 9 and 15% on average.

Value of $20,000 Invested Over Five Years

31 December 2008 to 31 December 2013



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

Detracting from performance were Ericsson -11%, Adva Optical Networking -19% and Anritsu -17% (telecom equipment manufacturing and testing), all suffering from a temporary slowdown in the telecom capital expenditure environment.

Currencies contributed positively to performance with the Australian dollar down 5% versus the US dollar and 7% versus the Euro. The negative impact of the Japanese yen weakness was offset by our decision to fully hedge the Fund's exposure to Japanese stocks.

During the quarter we exited our position in **Microsoft** as the stock re-rated by 40% since its recent lows of January 2013. The news of current CEO Steve Ballmer retiring in 2014 created over-excitement and hope of imminent radical transformation. We believe, however, that judging from the company's recent strategic moves and statements, we will not see the necessary changes implemented soon or at least not in the short-term. While we still like the solid cash generating power of Microsoft's core business, we prefer to sit out this management transition and strategy clarification with a view to possibly re-enter at lower prices.

We introduced a new position in **Bharti Airtel**, the leading wireless telecom operator in India. The Indian telecom industry has long suffered poor profitability due to highly competitive conditions (a minimum of nine operators in each region) and a hostile regulatory regime. Recently proposed changes in the regulatory regime, improvement in the domestic competitive landscape and growth in data services in a still underpenetrated market, should be the factors triggering improved profitability and shareholder return.

Commentary

Our readers may remember that last year (please refer to the December 2012 quarterly report), we mentioned the proliferation of 4G-Long Term Evolution (LTE) smartphones as one of the most interesting investment themes in technology for the next couple of years. The ability of 4G smartphones to download data at a faster speed when accessing the internet (approximately 20 times faster than equivalent 3G phones) is ultimately the major reason one should upgrade his/her handset to the latest technology.

Most recently we have discovered another interesting LTE-related idea in the analogue semiconductors space. We bought **Avago Technologies**, a company very well-positioned to benefit from growth in low-end 4G smartphones thanks to its leadership in premium filters. Why are filters for mobile phones important? Filters perform the very important functions of separating the signal from the noise (i.e. remove any unwanted frequency components from the signal), enhancing wanted frequencies, or both. They effectively help to improve the quality of phone calls and mobile internet connection.

The transition from 3G to 4G in particular requires handsets to support multiple frequency bands globally and also to be backward compatible (i.e. phones will have to work in both 4G, 3G and 2G mode until 4G becomes ubiquitous). Basically you need a separate filter for every frequency the phone supports. In other words, managing the radio frequency aspects of mobile phones is becoming more complex and a company like Avago can offer the best solutions to address these problems.

With a 70% market share in the high-end Thin Film Bulk Acoustic Resonators (FBARs) and an addressable market expected to grow at 40% for the next two years, even allowing for the natural price decline of these components over time, we believe Avago will strongly benefit from this technology adoption.

Twelve months after discussing the LTE theme, it is also appropriate to assess how our general 4G thesis has developed and how our holdings have performed since our first investments.

We believe that the 4G-LTE theme is now approaching an inflection point. In 2013, an estimated 229 new LTE network build-outs started and as they take years to complete, we can forecast a long tail of LTE infrastructure spending and subscriber additions.

Research house Informa predicts that 4G subscriptions have reached 190 million at the end of 2013 and will rise to 1.3 billion at the end of 2018, suggesting strong growth in the medium-term. Even in those countries like the US and Japan where 4G was deployed first, 4G penetration is still at around 20%. In China, 4G licences have just been assigned to the three telecom operators and it is reasonable to expect that the existing 1.2 billion current subscribers will gradually participate in this global trend over the next few years.

An obvious beneficiary of 4G/LTE proliferation is **Apple Inc.** After the iPhone 5S and 5C September launches caused sceptical reactions in the investor community due to "lack of real innovation", we decided the stock was cheap enough (11 times perspective P/E) and we re-established a position. We found that the new phone had been designed with a very powerful application processor inside: the A7 is a 64-bit chip with twice the number of transistors of the earlier version! We also found that the clever engineers at Apple had reduced power consumption by adding another chip, the M7, which offloads some functions like monitoring and processing of various sensors in the phone to a low-powered processor (which is made by **NXP Semiconductors**, another holding of the Fund). The stock has appreciated by 15% since we invested and we believe there is still upside. Future growth will be driven by faster adoption of the iPhone 5S, accelerating sales of the new iPad Air and the introduction of the iPhone to China Mobile subscribers, the largest mobile operator on the planet with more than 760 million customers.

Micron Technology has been a star performer, up 2.5 times for the calendar year. Apart from seeing our original thesis (please refer to the June 2013 quarterly report) positively unfolding, the DRAM and NAND maker has benefited from rapid adoption of digital memories in smartphones and tablets (so-called specialty mobile DRAMs designed for low power requirements). We have recently reduced our position as the company's prospects are now largely reflected in the stock price.

Skyworks Solutions, the designer/manufacturer of analogue semiconductors and radio frequency components for Apple, Samsung and other mobile phone brands was up 42% for the calendar year. During their latest conference call, management was quite upbeat about the company's prospects in the medium-term, with a positive outlook for its core handsets business and new design wins in areas like medical, aerospace and smart energy applications. They also pointed to machine-to-machine connectivity and "the internet of things" as areas of future promising growth where they intend to participate.

While semiconductors and components producers in the 4G handsets supply chain have benefited from proliferation of devices, the same cannot be said for those companies supplying telecom operators. In fact, **Anritsu** (testing) and **Ericsson** (telecom equipment) has been the laggard of our investment selection, up respectively 13% and 20% this calendar year. Both have suffered due to telecom operators' reluctance to significantly increase their capital expenditure budgets at times of economic slowdown (Europe), regulatory delays (China) and adverse competitive environments (India). We think these are only cyclical headwinds and we are confident that fundamentals will improve once the required telecom network upgrades/expansions begin.

Outlook

With the Fund reporting the best calendar year performance (up 49%) since its inception, it is probably prudent not to expect stronger returns for 2014. However, we remain positive about technology stocks in the medium-term, as we believe that valuations (particularly for large capitalisation stocks) are still attractive. Moreover, as economic recovery eventually moves from the US to Europe and emerging markets, both enterprise and consumer spending in those countries should accelerate and positively impact on hardware, software and consumer electronics revenues.

The majority of the Fund's holdings, with its strong cash flow generation, cashed-up balance sheets and attractive valuations, remain well-positioned to benefit from any cyclical recovery.

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$20,000 invested in the relevant Fund over five years from 31 December 2008 to 31 December 2013 relative to their Index (in A$) 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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