



31 August 2004

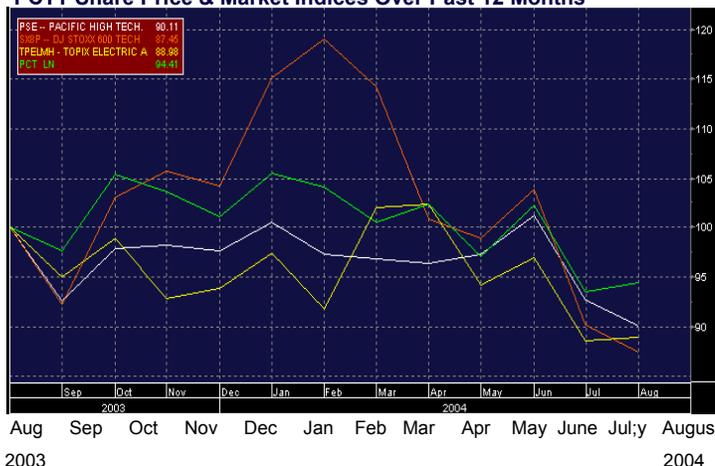
Share Price	152.00
NAV per Share (diluted)	177.99
NAV per Share (undiluted)	191.06
Discount (calculated on diluted NAV)	-14.60
Net Yield	N/A
Warrant Price*	53.00
Gross Total Assets	£297.2m
Management Fee	1.0% p.a. plus performance fee

Established December 1996  
 Source: HSBC / Polar Capital Partners  
 \*Warrants may be exercised on 30 September each year until 2005 at a price of 100p per share

Performance Over:	1yr(%)	3yrs(%)
Share Price	-5.59	-21.65
NAV Diluted	-3.11	-3.88
NAV Undiluted	-3.06	-4.96
FT/S&P World Index	0.23	-17.10
Warrant Price	-13.11	-45.36

All figures capital performance only; Source HSBC

PCTT Share Price & Market Indices Over Past 12 Months



**Portfolio Analysis – Gearing 117.8%**

The gearing figure is calculated by dividing the Trust's gross assets by its net assets. This calculation ignores the effect of any cash or fixed interest holdings.

**Manager Comment**

Markets saw some volatility during August albeit on very modest trading volumes. With oil prices continuing to climb in the early part of the month and nervousness about the economic slowdown intensifying, many indices broke down through important technical levels. Investor sentiment deteriorated sharply reaching a level of pessimism sufficient to generate a worthwhile rally during the second half of the month. As a consequence, most of the key markets were largely flat over the month.

In contrast, the technology sector suffered a poor month with the recovery in the latter part of August unable to compensate for a very severe sell off earlier in the month. The sector was buffeted by a number of high profile earnings disappointments and some uninspiring guidance for the balance of the calendar year. Cisco, HP Compaq, National Semiconductor and Intel all failed to match investors' expectations, as did a number of small and mid cap companies. Over the month the Dow Jones World Technology Index fell by 4% with by far the worst damage inflicted in Europe where the local technology index fell by 9%.

With the economic "soft spot" continuing, it seems likely that September will see further disappointing earnings news. Consumer demand appears to be faltering while enterprise spending remains hesitant. It is probable that the latter will not pick up markedly before the American election or until there is better visibility on the trend in oil prices and interest rates. While we continue to believe that a "spending flush" will be evident in the latter part of the fourth quarter, investor patience is likely to be tested. However, a poor pre announcement/results season in late September/early October may well provide a short term bottom from which technology shares can mount a useful seasonal rally. While fundamentals may be relatively uninspiring, much of this is already discounted and we were encouraged by how much more positive our shorter term indicators had become at the lows in mid August.

Brian Ashford-Russell, 5<sup>th</sup> September 2004



Top Ten Equity Holdings	%	Sector Breakdown	%
LG Philips	1.6	Computing	10.1
Samsung	1.5	Consumer	6.9
Zeon	1.4	Communication Equipment ex wireless	5.8
Wincor Nixdorf	1.4	Semiconductor/SPE/EMS	15.5
Nitto Denko	1.3	Services	11.3
Amgen	1.3	Software	16.2
Symantec	1.3	Telecom/Media	0.3
Tietoenator	1.2	Wireless	3.6
Maxim	1.2	Healthcare	15.8
Atos Origin	1.2	Electronic Components	4.7
<b>Total</b>	<b>13.4%</b>	Defence	3.1
		Other Sectors	6.6
		Futures & Options	0.1
		Geographical Breakdown	%
		North America	46.7
		Europe	21.6
		Asia ex Japan	7.9
		Japan	9.2
		Cash/Bonds (net of borrowings)	14.6

### Investment Management Team



Polar Capital Technology Trust is managed by the Polar Capital Partners technology team. Polar Capital was established by the senior technology fund managers previously responsible for Henderson's specialist technology funds.

**Brian Ashford-Russell:** Was Head of the Technology Team at Henderson (previously Touche Remnant) from 1987 until his resignation to set up Polar Capital in September 2000. He has been the appointed fund manager of Polar Capital Technology Trust since its launch in 1996 as Henderson Technology Trust, and was also the manager of HTT's predecessor, TR Technology, from 1988 to 1998. He managed the Henderson Global Technology Unit Trust from its launch in 1984 to 1996 as well as a number of other funds.

**Tim Woolley:** Was responsible for the North American specialist technology portfolios at Henderson. He joined Henderson in 1996 from (Aberdeen) Prolific where he managed the Technology Unit Trust from 1993 to 1996. He managed Henderson Global Technology Unit Trust and Henderson Horizon Global Technology Fund from 1996 until his resignation to set up Polar Capital in September 2000.

### The Trust

**Investment Approach** – Polar Capital Technology Trust selects companies for their potential for generating capital growth, not on the basis of technology for its own sake. We believe in rigorous fundamental analysis and focus on;

- management quality
- the identification of new growth markets
- the globalisation of major technology trends, and
- exploiting international valuation anomalies and sector volatility

**Rationale** – Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new technology. Technology is transforming the competitive position of companies and entire economies, thereby fuelling a major secular increase in technology spending.

**Polar Capital Technology Trust PLC is an investment trust listed and traded on the London Stock Exchange.**

All sources Polar Capital Partners unless otherwise stated. Please remember that past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Where investments are made in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment. Issued in the UK by Polar Capital Partners Ltd. Polar Capital Partners Limited is authorised and regulated by the Financial Services Authority.

