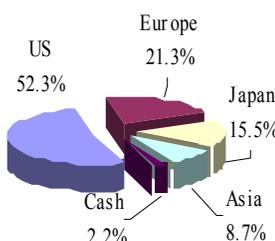


<b>Price:</b>		<b>Fund Particulars:</b>		<b>Portfolio Analysis:</b>	
Share Price	214.00	Management:	Polar Capital LLP	<b>Gearing: 112.93%</b>	
NAV per Share	223.19	Sales/Marketing:	+44 207 227 2709	The gearing figure is calculated by dividing the Trust's gross assets by its net assets. This calculation ignores the effect of any cash or fixed interest holdings.	
Discount (calculated on diluted NAV)	-4.12%	Lead Manager:	Ben Rogoff		
Net Yield	N/A	Established	December 1996		
Gross Total Assets	£353m				
Management Fee	1%p.a plus performance fee				

<u>Top Ten Holdings</u>	<u>%</u>	<u>Sector Breakdown</u>	<u>%</u>
Renesola Ltd	1.87	Semi Conductors	20.1
Dena	1.72	Services	13.3
Nomura Research Inst	1.68	Healthcare	12.8
Keyence	1.45	Software	13.9
Nidec	1.36	Other Sectors	10.5
Infosys Techs	1.36	Computing	7.9
Yokogawa Electric	1.31	Comms Eq (ex wireless)	5.5
Qualcomm	1.26	Wireless	4.5
Genentech	1.23	Electronic Components	4.6
Wincor Nixdirf	1.22	Defence	3.2
<b>Total Top Ten :</b>	<b>14.46</b>	Telecoms/Media	1.5
		Consumer	2.2

### Geographical Breakdown%



### Market Cap

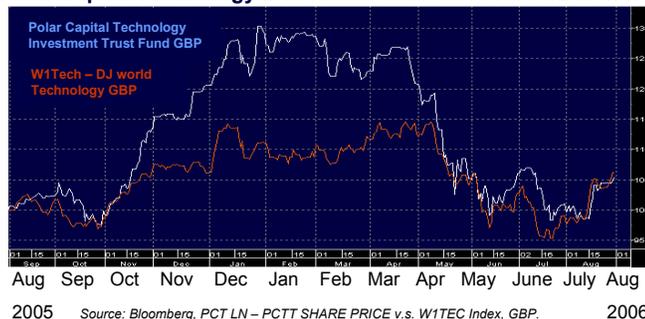
Market Cap	%
Large (> \$10bn)	33.7
Medium (\$1-10bn)	39.5
Small (<\$1bn)	26.8

### **Performance Over:** 1yr(%) 3yrs(%)

Share Price	5.55	32.92
NAV Diluted	1.01	21.50
FT/S&P World Index	8.42	27.47

*All figures capital performance only; Source HSBC*

### **Polar Capital Technology Investment Trust Over Past 12 Months**



### **Manager Comment - Ben Rogoff, 8th August 2006**

The consensus (negative) view of a US economy hampered by above-trend inflation was significantly challenged during August as evidence that a decelerating economy was beginning to dampen input prices allowed the 'data-dependent' Fed to leave rates unchanged for the first time since June 2004. Further good news in the form of commodity price weakness (CRB Index down 6%) and lower oil prices (-5.5%) following an announced ceasefire in the Middle East saw bond yields move meaningfully lower, lifting equities as risk aversion abated. Having significantly underperformed during the summer technology stocks rebounded strongly, outpacing broader market measures. This reversal of sector fortune was furthered by surprisingly upbeat commentary from bell-weather Cisco and Hewlett Packard together with positive data from Taiwan that pointed to fairly normal seasonal trends despite fears to the contrary.

This no doubt caught out generalist investors who according to a survey carried out by Merrill Lynch were more underweight the technology sector in mid-August than at any time since 2002. The rally that followed saw the DJ World Technology Index rise 5.1% in Sterling terms (vs. the FTSE World Index +0.4%), returns negatively impacted by further US Dollar weakness. In the US the high-beta semiconductor and Internet sectors were true to form, whilst software stocks moved significantly higher due to a slew of M&A activity, with IBM alone buying three companies during the month. In Europe, stocks enjoyed a similar bounce despite rate rises by both the Bank of England and the ECB, whilst in Asia small cap Japanese issues enjoyed the strongest rebound (TSE Mothers Index up 10%).

As we head into the strong seasonal period and towards the sector inflection point we have long alluded to, we continue to reduce liquidity and rotate the portfolio towards higher beta sectors such as semiconductors. Empirically (and especially during mid-term US election years) September has been a challenging month; this one may follow historical norms given last month's rally, the concomitant improvement in investor sentiment and the inevitability of individual earnings mishaps en-route to Q3 reporting season. We think any such weakness should be a buying opportunity given evidence of a normal seasonal build, inflation data suggesting interest rates may have peaked, and sharply lower oil prices. Of course, from time to time, individual economic releases will appear to challenge our optimistic base case. However, we continue to believe that recession will be avoided, and as such investor pessimism / risk aversion likely reached its zenith in July.

Looking into Q4, technology stocks are likely to reassert themselves due to seasonality, attractive relative valuations and current levels of investor disenchantment. M&A activity should furthermore underpin stocks, especially where attractive free cash flow yields exist. We remain convinced that we are fast-approaching an inflection point that should see the technology sector commence a multi-year period of out-performance driven by a traditional IT replacement cycle based on a Microsoft operating system upgrade ("Vista"), augmented by spending associated with an architectural shift ("utility computing") that will form the backbone of the next wave of productivity-enhancing applications.



**Investment Rational:** 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.

**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

#### **Polar Capital Technology 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. Today's Polar technology team comprises six investment professionals:

#### **Polar Capital Technology Investment Trust Lead Managers:**



##### **Ben Rogoff – Fund Manager**

In June 2006, he took over the responsibility for managing the portfolio following three successful years running the US portfolio.

Ben has been a technology specialist for over ten years having begun his career in fund management at CMI as a global tech analyst. He moved to Aberdeen Fund Managers in 1998 where he spent four years as a senior technology manager prior to joining Polar Capital in May 2003.



##### **Craig Mercer – Deputy Manager**

In June 2006 Craig became the Deputy Manager of the Trust.

Craig has nine years fund management experience. He joined Scottish Equitable (later Aegon) in 1997 after gaining an economics degree from York University. He was responsible for the Aegon Japan OEIC. At Polar he focuses on Japanese technology stocks working closely with the Polar Capital Japan team.

#### **Technology Investment Management Team:**

##### **Brian Ashford-Russell – Founder/Director of Polar Capital Partners**

Remains on the trust board and is responsible for asset allocation strategy for the trust.

Brian 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 had 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 –Fund Manager (Founder/Director of Polar Capital Partners)**

Began his career at Prolific as a trainee US fund manager in 1987. He joined Henderson's technology team in 1996 and launched the Henderson Horizon fund that focused on small and mid cap technology companies. Tim left with Brian to establish Polar Capital Partners in 2001

##### **Emma Parkinson - Analyst**

Emma has worked with Brian and Tim for the last fifteen years as a European technology analyst, initially at Henderson and at Polar Capital from its formation. Prior to this she was an US small cap specialist with Touche Remnant and Charterhouse Bank.

##### **Diana MacAndrew - Analyst**

Diana graduated from Durham University in 2000 and has been employed at Polar Capital since its inception in January 2001. She is responsible for coverage of the global semiconductor sectors.

**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 LLP. Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the Financial Services Authority. A list of members is open to inspection at the registered office, 4 Matthew Parker Street, London SW1H 9NP

