

Fund Manager Comment

Market Performance

Despite a sharp sell-off during the first half of August, equities managed to finish the month marginally higher (the FTSE World Index rose 0.4% in Sterling terms) as a number of central banks made it clear that they would provide plentiful liquidity in the face of ongoing dislocation in credit markets. Contagion from the subprime/ US housing issues that led markets lower in June and July continued to build momentum during early August, evidenced by sharply higher inter-bank borrowing rates reflecting a growing sense of mistrust within the financial community. This, together with the ongoing lack of transparent pricing, has led to a surge in 'liquidity preference' as seen by lower US ten year bond yields, continued de-leveraging and further unwinding of the Yen 'carry trade'. Against a backdrop of increased uncertainty, stocks fell sharply, reflecting a rising equity risk premium. The decision made on the 17th August by the Fed to cut the Discount rate was interpreted that the so-called 'Greenspan put' was alive and well under new Fed Chairman Ben Bernanke. Global equities rallied in unison through month end as a US rate cut became discounted and attention shifted away from challenging credit markets in favour of strong near-term fundamentals, especially in Europe and Asia.

Technology Performance

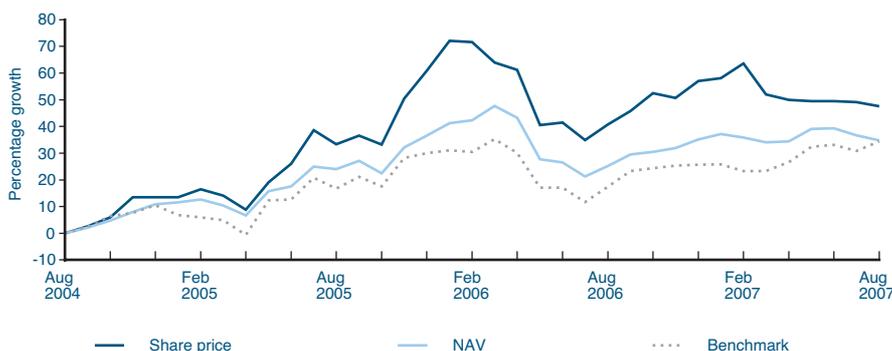
The apparent change of leadership continued with technology stocks making further relative gains during the month, the Dow Jones World Technology index rising 2.7% in Sterling terms. Whilst some of this relative progress was no doubt due to the sector's lack of exposure to the credit travails, a number of positive developments all but ensured further positive sector flows. Despite the macroeconomic headwinds, there is increasing evidence that the seasonal inventory build is ahead of empirical norms. PC strength was confirmed by hard-drive maker Seagate, which positively pre-announced earnings during the month. More significantly, tech bellwether, Cisco Systems, confidently raised its long-term sales growth target. This may have been quickly forgotten due to credit market turmoil, but the significance of this vote of confidence cannot be understated.

Outlook

Whilst there is little indication that the current credit crisis has run its course, we continue to believe that it will be contained. Likewise, whilst we acknowledge the current economic slowdown has increased the probability of a US recession, we anticipate decisive Fed action should maximise the chances of a so-called 'soft-landing'. Mindful of seasonality and a little concerned that we have yet to witness a sharp deterioration in investor sentiment, we are comfortable holding a little liquidity. We also recognise that recent technology performance could give way to profit-taking should markets re-test August lows. However, against anything other than a recessionary backdrop, we would expect the medium term sector outperformance to persist, driven by a superior earnings profile, lack of exposure to credit issues and undemanding relative valuations. Moreover, our inflection point thesis enjoyed a significant 'shot in the arm' this month when the CEO of Cisco Systems said that he "believe(d) we are entering the next phase of the Internet. This has the opportunity to replicate what occurred to Cisco in the 1990s". We couldn't agree more.

Ben Rogoff, 12th September 2007

Performance



Cumulative Performance (%) to 31/08/2007

	1 Month	3 Months	6 Months	1 Year	3 Years
Share Price	-1.10	-1.32	-9.85	4.79	47.53
NAV per Share	-1.35	-3.05	-0.73	7.64	34.83
Benchmark	2.74	1.54	8.98	14.47	34.37

Discrete Annual Performance (%)

	30/06/06 29/06/07	30/06/05 30/06/06	30/06/04 30/06/05	30/06/03 30/06/04	28/06/02 30/06/03
Share Price	10.85	2.02	27.24	7.87	9.31
NAV per Share	14.90	1.21	17.53	15.95	5.80
Benchmark	19.21	-3.02	8.90	5.82	8.49

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return

31 August 2007

Fact sheet

Trust Facts

Share Price (p)	224.25
NAV per Share (p)	240.24
Discount (%)	-7.13
Total Assets - Investments (£m)	335
Borrowing (£m)	-39
Net Assets (£m)	334
Gearing (%)*	100.30

*The gearing ratio is calculated by dividing total assets by net assets. The calculation ignores the effect of cash or fixed interest holdings

Trust Characteristics

Launch Date	16 December 1996
Lead Manager	Ben Rogoff
Deputy Manager	Craig Mercer
Year End	30 April
Results Announced	Mid June
Next AGM	July 2008
Continuation Vote	2010 AGM; every 5 years
Listed	London Stock Exchange
Capital Structure	138,688,914 Ordinary shares of 25p

Benchmark

Dow Jones World Technology Index (Total Return)
(from 1 May 2006)

Fees*

Management Fee	1.00%
Performance Fee	15% over Benchmark
Total Expense Ratio (historic)	1.31%

* Further details can be found in the Report & Accounts

Trust Overview

Objective

The investment objective is to maximize capital growth for our shareholders through investing in a diversified portfolio of technology companies around the world.

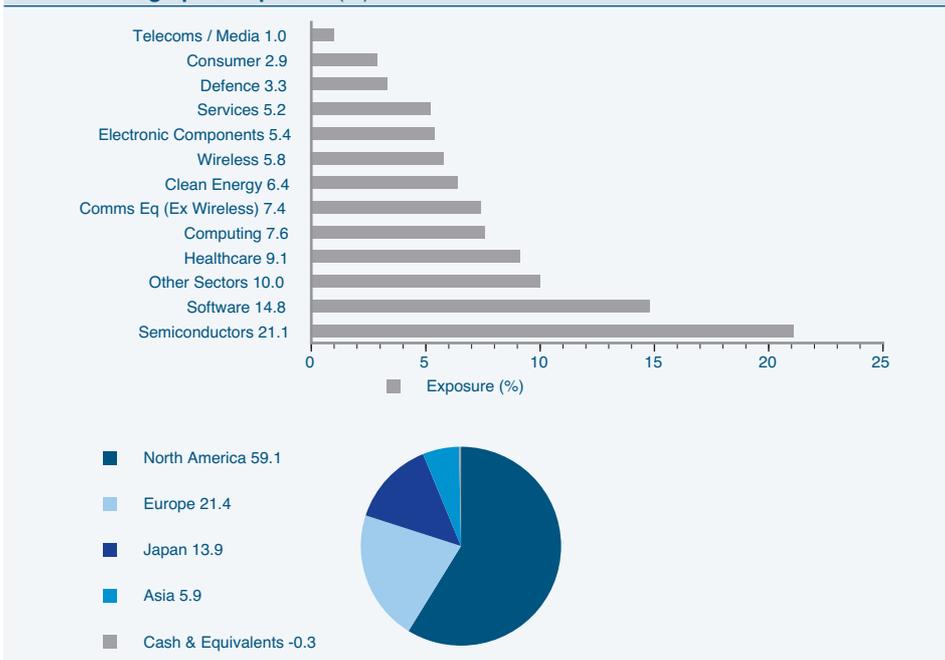
Investment Rationale

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.

Approach

Polar Capital Partners 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.

Sector & Geographic Exposure (%)



Total Number of Holdings

140

Top Ten Holdings (%)

Company	Exposure (%)
Apple	2.5
Nidec	2.4
Tokyo Seimitsu	2.4
Advantest	2.3
Ibiden	2.1
Google	2.1
Cisco Systems	2.0
KLA Tencor	1.9
Applied Mats	1.8
Itron	1.7
Total	21.1

Market Capitalisation Exposure (%)

Market Capitalisation	Exposure (%)
Large (greater than US\$ 10bn)	33.5
Medium (US\$ 1bn to 10bn)	43.0
Small (less than US\$ 1bn)	23.5

How to Invest

Market Purchases

The shares of Polar Capital Technology Trust PLC are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Share Dealing Services

The company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Lloyds TSB Registrars to be made available.

Tel: 0870 850 0852
Online: www.shareview.co.uk/dealing

Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme and an ISA administered by BNP Paribas Fund Services, by contacting:

BNP Paribas Fund Services UK Ltd (Polar Capital)
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
Tel: 0845 358 1109
Fax: 01733 285 822

Registered Office

4 Matthew Parker Street, London SW1H 9NP

Custodian

JP Morgan Chase NA acts as global custodian for all the Company's investments.

Registrar

Lloyds TSB Registrars Scotland
The Causeway, Worthing, West Sussex BN99 6DA
www.shareview.co.uk

Codes

London Stock Exchange	PCT
Reuters	PCT.L
Bloomberg	PCT.LN

Website

www.polarcapitaltechnologytrust.co.uk

Polar Capital Technology Investment Management Team

Polar Capital Technology Trust is managed by the Polar Capital technology team. Polar Capital was established by the senior technology fund managers previously responsible for Henderson's specialist technology funds. Today's Polar Capital technology team comprises of six investment professionals.

Ben Rogoff - Fund Manager



In May 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 at CMI as a global tech analyst. He moved to Aberdeen Fund Managers in 1998 where years as a senior technology manager prior to joining Polar Capital in May 2003.

Craig Mercer - Deputy Manager



In May 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 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

Brian was head of the technology team at Henderson Global Investors (and prior to that Touche Remnant) from 1987 until his resignation in September 2000 to set up Polar Capital. He has been the appointed fund manager of Polar Capital Technology Trust plc, previously named Henderson Technology Trust and its predecessor TR Technology, since TR Tech's launch in 1988. He also managed the Henderson Global Tech Unit Trust from its launch in 1984 to 1996 as well as co-managing the Seligman Global Tech and Mackenzie Universal Science & Tech funds.

Tim Woolley - Fund Manager (Founder/Director of Polar Capital Partners)

Tim began his career as a systems analyst for two leading financial service companies. He then joined Prolific as a trainee US fund manager in 1987 and was promoted to lead manager of the technology fund in 1993. He joined Henderson's technology team in 1996 and launched the Henderson Horizon fund that focused on small and mid cap companies. Tim left with Brian to establish Polar Capital Partners in 2001.

Emma Parkinson - Fund Manager

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.

Fatima lu - Analyst

Fatima joined Polar Capital in April 2006 after working as an analyst with Citigroup Asset Management for 18 months. She graduated from Imperial College London in 2002.

All data as at 31 August 2007 unless otherwise stated. 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