Fund Manager Comment

Market

A cascade of negative developments led to pronounced weakness in equity markets during the month with the FTSE World Index falling 6.5% in Sterling terms. August got off to an inauspicious start as the first week of the month saw US stocks register their worst weekly performance in two years, despite a last-minute agreement to raise the US debt ceiling ahead of the 4th August deadline. This adverse reaction to apparently good news reflected the hyper-partisan behaviour of both parties and the brinksmanship which - several days later - was largely to blame for the S&P downgrade of long-term US credit worthiness, the US losing its coveted triple-A rating for the first time. Despite this historic development, US Treasuries soared (yields falling from 2.8% to below 2% intra-month) reflecting weak US data (ISM manufacturing, personal spending) and dovish rhetoric at the August FOMC as the Federal Reserve made it clear that low interest rates would persist at least through mid-2013. Further deterioration in Europe (German GDP growing just 0.1% in Q2), the worst Michigan sentiment survey reading since April 1980 and Chancellor Merkel dismissing the idea of German-backed Eurobonds ahead of fiscal reform added significantly to the gloom. Against this backdrop, risk assets unsurprisingly fared poorly, oil prices declined by c.7% and cyclicals/small-caps materially underperformed broader equity markets. Despite an uneventful speech by Fed Chairman Ben Bernanke at Jackson Hole (where a year earlier he unofficially announced 'QE2'), markets rallied sharply into month-end, reflecting a combination of some better news (the near conclusion of the Libyan conflict), short-covering and 'bargain hunting' ahead of month-end.

Technology

The technology sector performed in line with the market during the month, aided by solid performances from a number of large-caps and the re-emergence of M&A activity, the Dow Jones World Technology Index falling 6.5% in Sterling terms. Although equity weakness largely reflected 'top-down' developments, disappointing earnings reports from Network Appliance and Dell - both companies citing a weakening demand environment - led to a pronounced sell-off as investors eschewed stocks despite their apparent value. In other news, Apple's talismanic CEO Steve Jobs announced that he would be stepping down as he was no longer able to carry out the role. A muted stock reaction to this sad development reflected the well publicised nature of Mr Jobs' health and investor familiarity with new CEO Tim Cook (having been COO for more than four years, and acting CEO during Mr Jobs' leaves of absence). With Apple our largest holding by far, we were obviously relieved that the stock reaction was muted. On a personal level (and at the risk of sounding obsequious) we are enormously grateful for the leadership and vision with which Steve Jobs has led Apple. Since his return as CEO in 1997, Apple's revenue growth has compounded at over 18% p.a., which has driven a more than 60-fold increase in the share price resulting in the company becoming one of the world's largest by market capitalisation. Those in any doubt about how different things could have turned out for Apple without Steve Jobs need look no further than Hewlett Packard (HP), whose shareholders have had to contend with a smorgasbord of leadership mediocrity in recent years (the Mark Hurd interregnum aside). This became all too apparent this month with HP stock plunging 26% as current CEO Leo Apotheker delivered on his promise to reinvent the business by announcing - alongside weak earnings - plans to divest the PC business and to purchase UK software company Autonomy for an almost surreal 71% premium. Investors were also left cold by Google's $12.5bn acquisition of Motorola Mobility for a similar premium, designed to bolster the intellectual property (IP) position of its Android operating system. These acquisitions/premiums paid, together with a strong quarter from Salesforce.com helped small and mid-cap stocks regain some of their relative underperformance during the month-end rally.

Outlook

With global equities c.16% below their 2011 highs, it is clear that the recent torrent of 'top-down' challenges represents one of the greatest threats to the post 2008 recovery. Although cognisant of the existential threats represented by sovereign risk and deflation, we had taken comfort in the fact that our interests as equity investors have been remarkably aligned with those of policymakers (who are every bit as keen as us to avoid a so-called 'double dip' or worse). Unfortunately, protracted US budget negotiations, Greek failure to meet deficit targets and Germany closing the door on common Eurobonds have made it all too apparent that policymakers themselves might be unable (or unwilling) to deliver, at least not in a satisfactory timeframe. This lack of 'backstop' has led investors to consider previously unthinkable outcomes such as US default and the breakup of the European Union which has forced liquidity into 'tail-risk' assets such as gold and the Swiss franc (for those fearing inflation) and long-dated Treasuries (for those fearing deflation). The desire for capital preservation, combined with the need to 'do something' ('fight or flight' syndrome) reached fever pitch in August when the Gold SPDR (ticker: GLD), a US gold ETF became the largest exchange traded fund in the world. It also contributed to ten year Treasury yields falling below 2% as investors scrambled to lock in what are likely to be negative real returns unless deflation prevails. Likewise European sovereign CDS spreads have continued to move sharply higher at least in part because they represent relatively 'cheap' insurance on systemic failure. With liquidity fleeing into 'tail-outcome' beneficiaries, anything left in the middle (equities, credit and commodities) has been subject to a 'buyers strike' which helps explains the extent of the equity market correction and the remarkable degree of cross-correlation. Given our bias towards small and mid-cap growth stocks, we have experienced this dynamic all too keenly, as a lack of buyers for our favoured assets have led to some remarkable and largely unwarranted price declines.

31 August 2011

Fact sheet

Trust Facts

Ordinary Shares†	
Share Price (p)	322.90
NAV per Share (p)	323.83
Discount (%)	-0.29
Capital Structure	127,725,693 of 25p
Subscription Shares†	
Share Price (p)	13.75
Exercise Price (p)	
- Until 31 March 2012	401.00
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	25,280,509 shares of 1p
Total Net Assets (£m)	413
AIC Gross Gearing Ratio (%)*	106.00
AIC Net Gearing Ratio (%)*	97.00

*Gearing calculations are exclusive of current year Revenue/Loss

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	August 2011
Continuation Vote	2015 AGM; every 5 years
Listed	London Stock Exchange

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)	1.16%

* Further details can be found in the Report & Accounts

** Subject to high watermark

Trust Overview

Objective

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

†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this list. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Fund Manager Comment (Continued)

Given the increasingly staccato nature of the global economy, we are forced to acknowledge that recession risk has risen as a consequence of the recent loss of confidence. We also expect third-quarter earnings season to prove particularly tricky as a number of companies come to the confessional, so to speak. As such, we do not anticipate a 'V-shaped' recovery in markets, but for those investors with a longer-term horizon (or simply those who refuse to settle for negative real returns) the equity market correction represents an outstanding opportunity to increase exposure to an undervalued and under-owned asset class. To those who argue stocks are far from cheap based on Shiller-type analysis, we would point to globalisation and the impact it has had on labour's share of GDP and effective corporate tax rates. Instead, we would contend that equities are not only attractive in an absolute sense but relative to risk free alternatives they are remarkably so, as evidenced by the S&P dividend yield recently surpassing ten year US Treasury yields for only the second time since 1958. Of course, companies are operating at record levels of profitability which leaves business models particularly sensitive to a downturn, but the vast majority of our portfolio looks attractive even assuming a c.20% cut to 2012 estimates. This sentiment appears to be well supported by a significant pick up in M&A activity within and beyond our sector, and a flurry of large recent buyback announcements from the likes of Lam Research, Harris, St Jude Medical to name a few.

While we remain hopeful that a recessionary outcome can be avoided, we believe that those who do not share this sanguine view are tending to equate a downturn with a re-run of 2007/8. We strongly disagree with this assumption which is why we have been increasing our small/mid-cap exposure at a time when others are applying their 2008 'playbooks' (eschewing debt laden and/or non-index constituents). At the risk of sounding complacent we simply do not expect the financial system to seize up again, nor do we believe economic activity will grind to a halt as it did in 2007/8. As such, we do not envisage inventories falling by the same magnitude, nor do we expect the longevity of solidly profitable companies to be called into question. Rather we continue to believe - as challenging as things appear right now - that the current environment is best understood as an echo of the previous crisis, rather than a repeat performance. This philosophical position was supported by a meeting we had recently with a technology supplier to the automotive industry. Having tracked at 16-17m annualised units for much of a decade, North American car sales plunged to 9.4m during the financial crisis which - given the industry needed to produce c.13m units to break even - had a profound impact on profitability. As a result of massive restructuring (aided by the GM and Chrysler bankruptcies), the industry is today solidly profitable (North American car dealers posted record net margins in 2010) with break-even estimated to be as low as 8.5m units. Furthermore, inventories are lean and the current run-rate of c.12m units remains below what is required just to account for scrapped vehicles and new drivers. Although the automotive experience is far from a perfect read-across for the technology sector it at least illustrates why a 2007/8 re-run is more intellectually beguiling than it is likely. Of course, we do not know when investors will revert to a 'glass half full' mentality, nor do we have a strong sense of what the catalysts for that change might be. Instead, we are using the current dislocation to further rotate away from so-called 'cheap' incumbents such as Hewlett Packard that appear both structurally and cyclically challenged in favour of next-generation winners that should be able to grow in anything other than a worst-case scenario. Lastly, we would expect recent market weakness to presage acceleration in M&A activity that would reverse the recent fortunes of small and mid-caps. Indeed, the recent acquisition of Autonomy could yet prove the catalyst for a wave of M&A activity just as the bidding war for storage vendor 3PAR did this time last year.

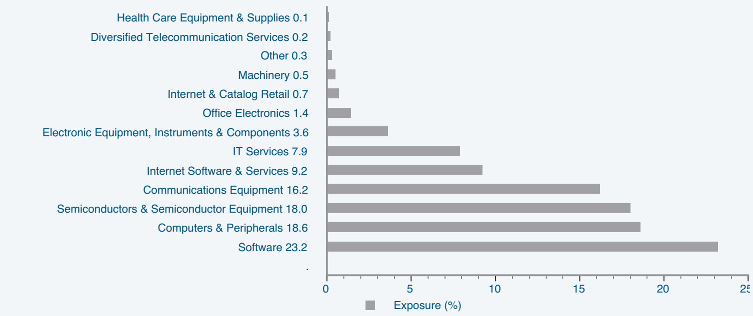
Ben Rogoff, 7th September 2011

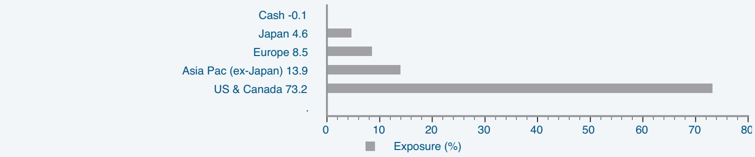
POLAR CAPITAL

31 August 2011

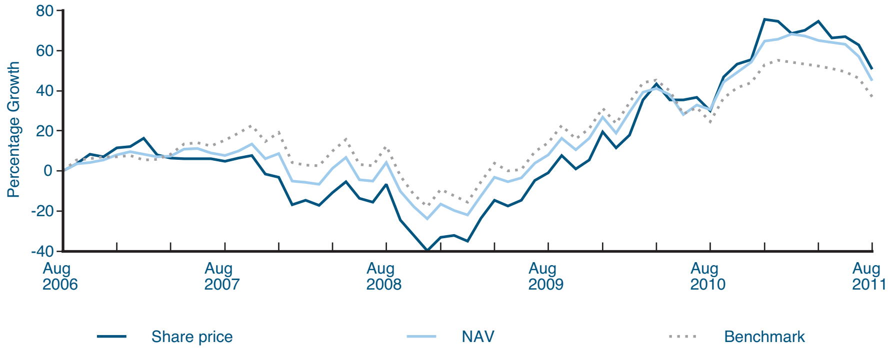
Fact sheet

Sector & Geographic Exposure (%)

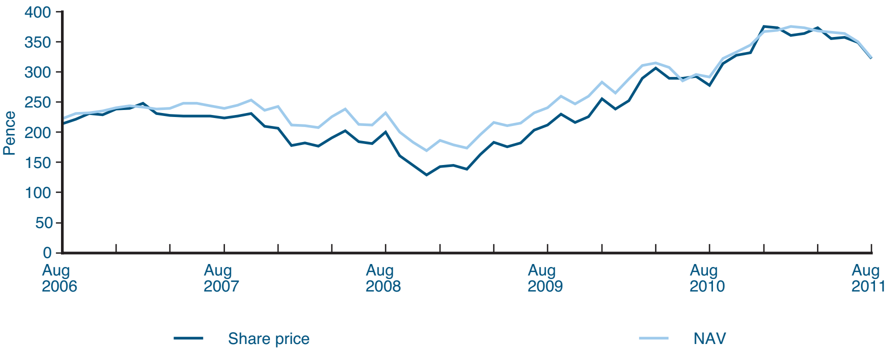




Performance Over 5 Years



Share Price & NAV per Share Over 5 Years



Cumulative Performance (%) to 31/08/2011

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	-7.43	-9.30	-10.55	16.15	50.89
NAV per Share	-7.66	-11.59	-13.71	11.14	45.09
Benchmark	-6.44	-9.25	-11.23	9.98	36.96

Discrete Annual Performance (%)

	30/06/10 30/06/11	30/06/09 30/06/10	30/06/08 30/06/09	29/06/07 30/06/08	30/06/06 29/06/07
Share Price	23.39	58.63	-0.95	-18.81	5.70
NAV per Share	27.43	32.68	0.92	-14.02	10.17
Benchmark	16.60	27.59	-2.62	-9.57	14.85

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

Total Number of Holdings	132

Top Ten Holdings	(%)
Apple	10.2
Google	4.8
International Business Machines	4.3
Microsoft	3.9
Oracle	3.8
Samsung Electronics	3.3
Qualcomm	2.7
Taiwan Semicon Manufacturing	2.2
Cisco Systems	1.8
EMC	1.6
Total	**38.6**

Market Capitalisation Exposure	(%)
Large (greater than US$ 10bn)	66.6
Medium (US$ 1bn to 10bn)	19.9
Small (less than US$ 1bn)	13.4

Trust Overview

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.

Full details of the Investment Objective, Rational and Strategy are available on the company's website.

Approach

Polar Capital 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.

31 August 2011

Fact sheet

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

Ben has been a technology specialist for twelve 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. He is lead manager of Polar Capital Technology Trust plc, with responsibility for the management of Polar Capital's US technology portfolios. He is also joint manager of Polar Capital Global Technology Fund. Ben graduated from St Catherine's College, Oxford in 1995.

Craig Mercer - Deputy Manager

Craig joined Polar Capital in 2002 from Scottish Equitable (later Aegon) where he managed their Japan OEIC. Craig is deputy manager of Polar Capital Technology Trust plc and is responsible for coverage of Asian technology and global alternative energy stocks. Craig has an Economics degree from York University.

Technology Investment Management Team:

Nick Evans - Fund Manager

Nick joined Polar Capital in September 2007 and has eleven years experience as a technology specialist. He was previously Head of Technology at AXA Framlington and Citywire 'A' rated. He was lead manager of the AXA Framlington Global Technology Fund and the AXA World Fund (AWF) - Framlington Global Technology (both rated five stars by S&P) between Aug 2001 and July 2007. Prior to this he spent three years as a Pan European Investment Manager and Technology Analyst at Hill Samuel Asset Management. Nick has an Economics degree from Hull University.

Fatima Iu - Analyst

Fatima joined Polar Capital in April 2006 after working as an analyst with Citigroup Asset Management for 18 months. She focuses on European technology stocks and has responsibility for coverage of the global medical technology sub-sector. Fatima graduated from Imperial College London in 2002 with a Masters in Chemistry.

Brian Ashford-Russell - Founder/Director of Polar Capital

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.

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 Equiniti 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

Equiniti
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

House View
This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

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Holdings
The top 10 positions were selected based on percentage of AUM. This portfolio data is ìas atî the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fundís best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

Benchmarks
The following benchmark index is used: Dow Jones World Technology Index (Total Return). This benchmark is generally considered to be representative of the Technology equity universe. This benchmark is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to www.djindexes.com for further information on this index. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, the index noted in this presentation is unmanaged, are not available for direct investment, and is not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the index reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to the index in composition or risk.

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Performance
Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Many factors affect fund performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment return and principal value of your investment will fluctuate, so that when your investment is sold, the amount you receive could be less than what you originally invested. Past performance is not a guide to or indicative of future results.† Future returns are not guaranteed and a loss of principal may occur. 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 sercurities or smaller companies, their potential volatility may increase the risk to the value of, an the income from, the investment. Investments are not insured by the FDIC (or any other state or federal agency), are not guaranteed by any bank, and may lose value.

Investment Process - Risk
No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable. Investors may lose all of their investments.

Allocations
The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. The actual performance of the fund will depend on the Investment Managerís ability to identify and access appropriate investments, and balance assets to maximize return to the fund while minimizing its risk. The actual investments in the fund may or may not be the same or in the same proportion as those shown herein.