

## 31 December 2010

### Fact sheet

#### Fund Manager Comment

##### Market Review

The year ended on a strong note with the FTSE World Index rising 7% in Sterling (GBP) terms during December leaving the same index up 13.4% over the calendar year. Whilst stocks got off to a slow start, their resilience in the face of an Irish bail-out, weak US nonfarm payrolls and a rise in US unemployment likely reflected a more significant reallocation from bonds (ten year US treasury yields rising above 3.5%) into equities. This dynamic appeared to continue through the month as investors began to take heed of Fed rhetoric and the impending impact of QE2. Positive momentum was augmented by extension of the Bush tax cuts and strong November retail sales data pushing major indices to two year highs. Corporate earnings news was scant, FedEx and Best Buy reporting mixed quarters.

##### Technology Review

Technology stocks performed broadly inline for the second consecutive month, the Dow Jones World Technology Index rising 6.9% in GBP and bringing full year returns to 15.9%, comfortably ahead of the broader market December is usually a quiet month for technology news flow and this year was no exception. Oracle, Adobe and Research in Motion all reported solid earnings providing us with further reassurance, reinforcing upbeat management commentary and data points collected during our recent company visits, that fourth quarter earnings are likely to be solid. Semiconductors also continued their recent outperformance as beyond the LCD TV and PC food chains, end demand appears robust whilst inventory adjustments look largely complete indicating the recent downturn was likely little more than a mid cycle correction.

##### Outlook

Looking into 2011 we believe that the macroeconomic and geopolitical hurdles that lie ahead will create both volatility and opportunity as the year progresses. Whilst mindful of the risks associated with fiscal tightening and the prospect of unintended inflation in the developing world, we believe that markets can continue to grind higher despite the likelihood of a prolonged period of sub-trend global growth. Although we acknowledge that this view depends somewhat on trusting that the global economy will muddle through, we continue to believe that policymakers will do whatever is necessary to deliver growth because without it, 'financial stability is at least implausible and arguably impossible' (Jonathan Wilmot, CSFB). This should ensure continued record low interest rates in much of the developed world and further liquidity enhancing measures such as QE2 should they be required, making global equities look compelling relative to other asset classes, particularly bonds.

This top-down prognosis should continue to favour the technology sector as improving US economic momentum, coupled with record corporate profitability should augur well for technology investment. With a few notable exceptions, technology valuations remain undemanding whilst the sector continues to offer some defensive characteristics in the form of the highest net cash position and lowest pension liabilities relative to other sectors. Most importantly, we believe that 2010 saw our new cycle thesis gain significant traction and we expect this to continue throughout 2011 and beyond. IT budget priorities are changing reflecting this new cycle, with areas such as virtualisation, cloud computing and mobility (tablets and smart phones) beginning to replace traditional areas of IT spending including personal computers and enterprise applications. This dynamic should continue to drive secular growth opportunities for many small and mid cap companies whilst creating significant challenges for a number of large cap incumbents. This is likely to drive further M&A over the coming year as incumbents look to re-tool for the new cycle.

Our three core themes remain essentially unchanged - 'cloud computing', 'broadband applications' and 'mobile data' - although our confidence that the combination of these forces will form the basis of a new cycle has continued to increase. Not only should disruptive new technologies and business models continue to expand the addressable market, but over time we expect technology to be delivered increasingly as a service as the IT industry moves to a mass production / utility model (i.e. public clouds operating at scale). This will have ramifications well beyond simply reducing the cost of computing as concepts such as elastic compute capacity should dramatically improve the applicability of IT due to the elimination of capital spending, accelerated provisioning and the ability to analyse data in real-time. As such, and given our focus on bottom-up stock picking, we continue to see compelling opportunities particularly for medium-term orientated investors. However, with fourth quarter earnings season approaching and with sentiment measures looking stretched we have allowed our cash position to rise modestly in order to provide us with some additional firepower over the coming weeks.

Ben Rogoff, 10th January 2010

#### Trust Facts

Share Price (p)	375.50
NAV per Share (p)	367.60
Premium (%)	2.15
Total Net Assets (£m)	465
AIC Gross Gearing Ratio (%)*	107.00
AIC Net Gearing Ratio (%)*	96.00
Capital Structure	126,497,914 Ordinary shares of 25p

\*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	July 2010
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)	1.31%

\* 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.

##### 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.

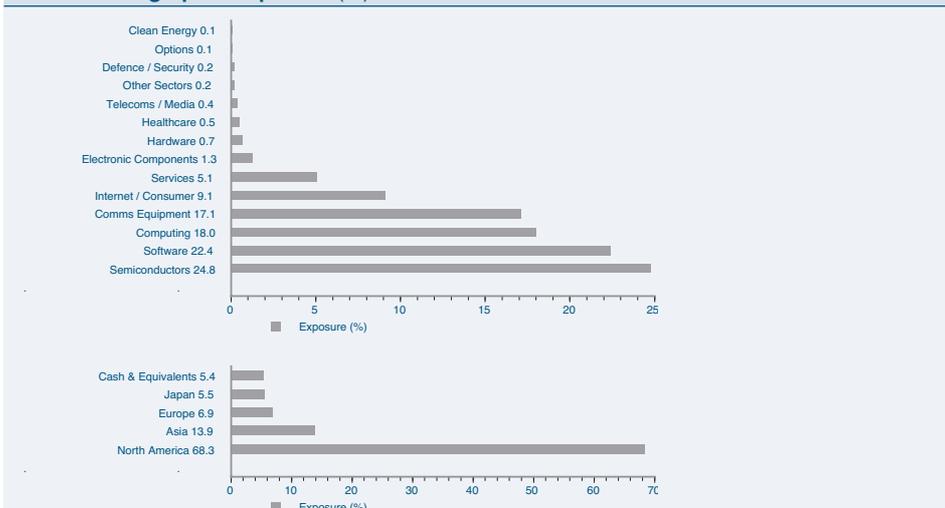
Full details of the Investment Objective, Rational and Strategy are available on the company's website.

##### 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.

**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.**

## Sector & Geographic Exposure (%)



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**Total Number of Holdings** 119

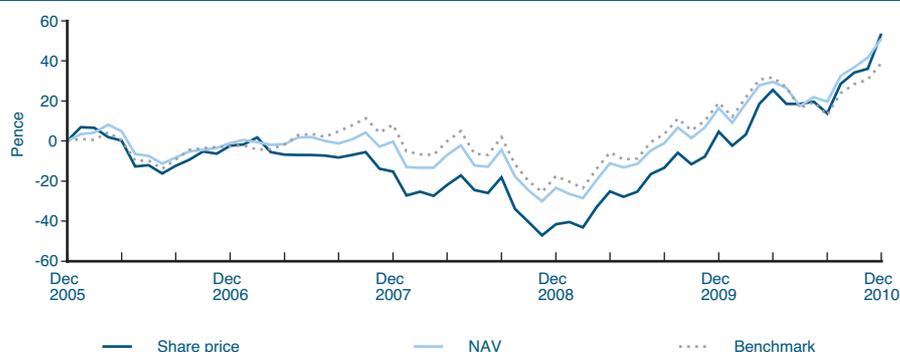
**Top Ten Holdings** (%)

Apple	8.0
Google	4.5
Microsoft	4.2
Oracle	4.1
Samsung Electronics	3.6
International Business Machines	2.8
Qualcomm	2.4
Cisco Systems	2.3
Intel	2.1
Taiwan Semicon Manufacturing	2.0
<b>Total</b>	<b>36.1</b>

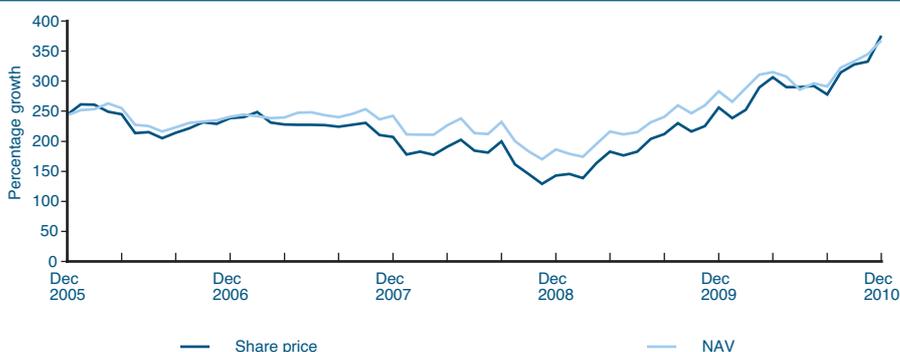
**Market Capitalisation Exposure** (%)

Large (greater than US\$ 10bn)	69.4
Medium (US\$ 1bn to 10bn)	18.8
Small (less than US\$ 1bn)	11.8

## Performance Over 5 Years



## Share Price & NAV per Share Over 5 Years



## Cumulative Performance (%) to 31/12/2010

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	12.93	19.43	29.53	46.68	53.58
NAV per Share	6.68	14.01	28.63	29.70	51.03
Benchmark	6.40	12.15	19.38	16.66	38.96

## Discrete Annual Performance (%)

	31/12/09	31/12/08	31/12/07	29/12/06	30/12/05
Share Price	46.68	79.02	-31.50	-12.57	-2.35
NAV per Share	29.70	51.92	-22.80	0.34	-1.04
Benchmark	16.66	44.45	-23.23	10.39	-2.70

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

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### 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](http://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](http://www.shareview.co.uk)

### Codes

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

### Website

[www.polarcapitaltechnologytrust.co.uk](http://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 as at 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 fund's 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](http://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.

## Regulatory Status

This document is Issued in the UK by Polar Capital. 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.

## Information Subject to Change

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## Forecasts

References to future returns are not promises or even estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, the forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

## 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 securities or smaller companies, their potential volatility may increase the risk to the value of, or 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 Manager's 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.