

Fund Manager Comment

Market Performance

Global equity markets fell precipitously in January as macroeconomic data significantly increased the odds of a US recession. The FTSE World Index fell by 7.8% in Sterling terms in what was one of the worst starts to a year in recent memory. In addition to weaker than expected December employment data, fears of a systematic shock to the US financial system rose based on concerns about the struggling mono-line bond insurers. Recognising the elevated risk to both economic growth and the financial system itself, the US Federal Reserve cut interest rates twice during the month, initially by 0.75% in a surprise inter-meeting move, and then by a further 0.5% at the scheduled January FOMC meeting.

Technology Performance

The technology sector was hit particularly hard as a result of generalist investors unwinding overweight positions in light of rising risk aversion and a few high profile earnings shortfalls. With the Dow Jones World Technology Index down 12.2% in Sterling terms during the month, investors could be forgiven for thinking that stock price weakness was due to poor fourth quarter results. However, Q4 earnings season has been relatively benign. Nonetheless, technology stocks have borne the brunt of the distinct change in 'top-down' sentiment that has accompanied the worsening economic data / weaker markets.

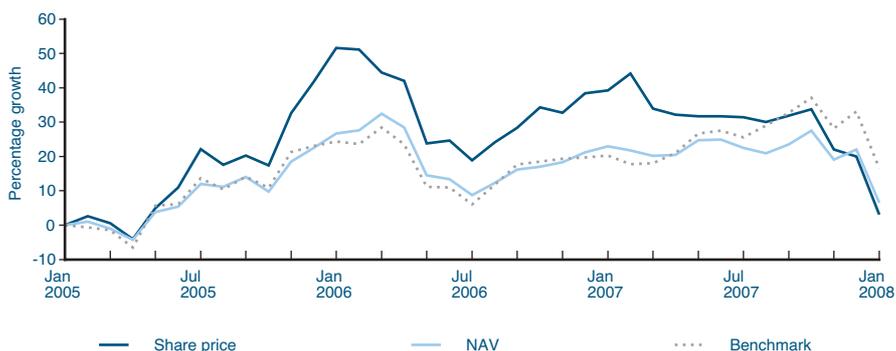
Outlook

As a result of the deluge of disappointing data in early January, we shifted our base case and now believe that a shallow US recession is the most likely outcome. That said, we are encouraged by US monetary actions and believe that as inflation trends lower (as growth decelerates) there will be scope to cut interest rates further. Given the scale of market declines from peak to trough, we believe that the 'mild recession' scenario is more than half 'priced-in' at current levels. While we cannot exclude the possibility of a deeper/darker downturn, we believe that accommodative monetary and fiscal policy should be sufficient to avoid the worst of outcomes. Despite this relatively sanguine view, we recognise that many of these efforts will take time to stimulate the US economy and as such, both consumer and corporate spending is likely to be back-end loaded.

As a result, we expect the next few months to remain challenging for equity and technology investors alike. Earnings estimates remain too high; we expect that until these have been reset to more realistic levels, our sector will struggle to regain its leadership status. Whilst over the full year we expect technology stocks to outperform, we accept that investors, recalling the pain experienced by the sector during previous recessions, will likely 'shoot first and ask questions later'. As a result of a muted expansionary cycle, undemanding relative valuations and vastly superior balance sheets, we do not believe technology stocks will behave as poorly as they have in previous down cycles. As such we expect to reduce our elevated cash level over the coming months once expectations have been reset.

Ben Rogoff, 6th February 2008

Performance



Cumulative Performance (%) to 31/01/2008

	1 Month	3 Months	6 Months	1 Year	3 Years
Share Price	-14.13	-22.97	-21.61	-26.01	3.04
NAV per Share	-12.71	-16.46	-13.08	-13.40	6.52
Benchmark	-12.43	-15.00	-7.21	-3.10	16.53

Discrete Annual Performance (%)

	29/12/06 31/12/07	30/12/05 29/12/06	31/12/04 30/12/05	31/12/03 31/12/04	31/12/02 31/12/03
Share Price	-13.29	-2.35	41.74	5.99	33.13
NAV per Share	0.69	-1.04	23.16	5.53	41.08

31 January 2008

Fact sheet

Trust Facts

Share Price (p)	177.75
NAV per Share (p)	211.68
Discount (%)	-19.09
Total Assets - Investments (£m)	262
Borrowing (£m)	-24
Net Assets (£m)	284
Gearing (%)*	91.97
Capital Structure	133,818,914 Ordinary shares of 25p

* 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 Listed	2010 AGM; every 5 years 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

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.

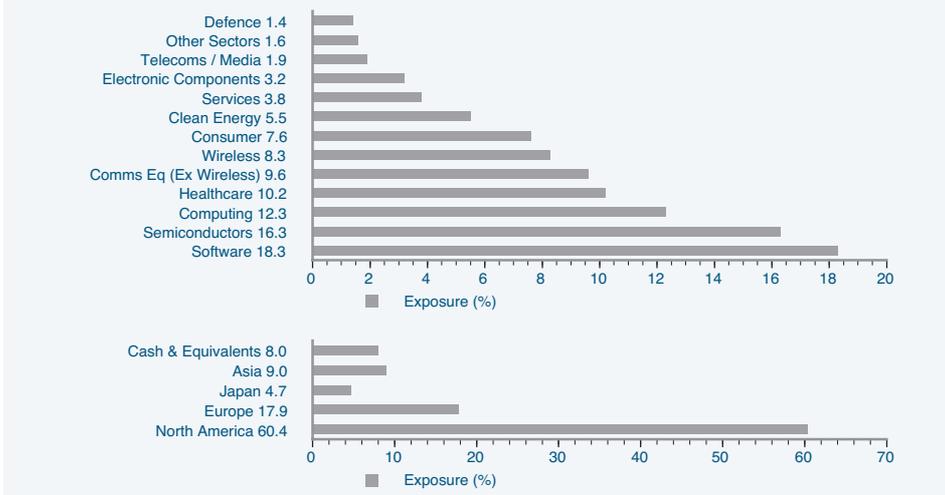
Investment Rationale

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 116

Top Ten Holdings (%)

Cisco Systems	3.2
Qualcomm	3.0
Oracle	2.7
Apple	2.6
Google	2.3
Samsung Electronics	2.2
Nokia	2.1
International Business Machines	1.9
Microsoft	1.9
Canon	1.8
Total	23.9

Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	59.4
Medium (US\$ 1bn to 10bn)	27.1
Small (less than US\$ 1bn)	13.5

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 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 degree from York University. He was responsible for the Aegon Japan OEIC. At Polar Capital 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 - 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.

Nick Evans - Fund Manager

Nick recently joined Polar Capital and has 8 years experience as a technology specialist. He was previously Head of Technology at AXA Framlington where, since August 2001, he had been lead manager of the AXA Framlington Global Technology Fund and the AXA World Fund (AWF) - Framlington Global Technology. Prior to this he spent three years as a Pan European Investment Manager and Technology Analyst at Hill Samuel Asset Management. He started his career as an IT graduate trainee at Lloyds TSB. He graduated from Hull University with a degree in Economics with Business Economics in 1994.

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 a 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.

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

All data as at 31 January 2008 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