

## Fund Manager Comment

### Market Performance

Despite a strong start, equities fell during July as deteriorating conditions in credit markets took their toll on risk appetite. Further US Dollar weakness contributed to negative Sterling returns, the FTSE World Index falling 3.1% over the month. US macroeconomic data remained largely positive with a number of confidence and purchasing manager surveys surprising to the upside and core inflation remained relatively benign. Unfortunately these positives were overshadowed by further deterioration in the US housing market and an increasingly disorderly credit market correction. The apparent inability of investment banks to place guaranteed LBO commitments together with rumours of further fund losses / closures had a profound impact on speculative credit spreads which rose by 1% during the month. Fear of the unknown together with the very real prospect of continued re-pricing of risk saw liquidity trends deteriorate; an almost complete absence of new private equity transactions made it clear that this important source of support is in abeyance. The ensuing 'flight to quality' (which saw US ten year bond yields fall by more than 0.25%) proved particularly painful for small-caps which underperformed significantly. Outside of the US, other markets declined by c. 3-4%, the exceptions being Taiwan and Korea which rose 4.6% and 10.9% respectively.

### Technology Performance

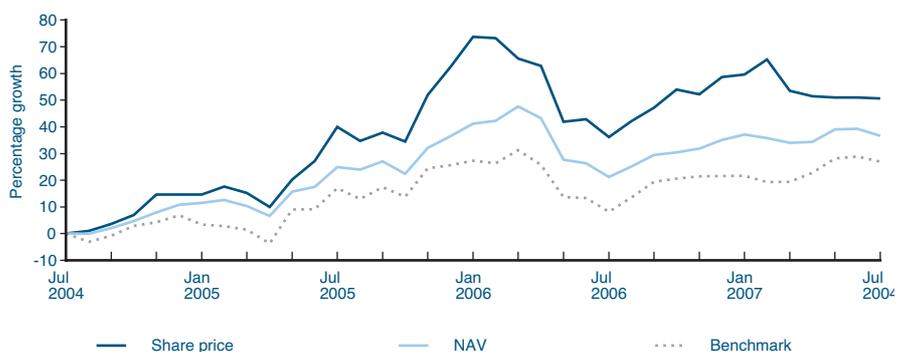
As anticipated, technology stocks continued to outpace the broader market, the Dow Jones World Technology Index falling 1.7% in Sterling terms. Somewhat simplistically, the sector's lustre has continued to improve due to its relative lack of exposure to the issues that have driven markets lower (access to and the price of credit). Furthermore, despite some concerns heading into earnings season, second-quarter results from the sector have been better than anticipated with many companies sufficiently confident to offer optimistic Q3 guidance. Lastly, the sector has (thus far) continued to enjoy a relatively healthy M&A backdrop, despite the aforementioned lack of LBO announcements, as trade buyers continue to pick up attractive assets. For instance, one of our holdings (Kyphon) was acquired by Medtronic during the month for a 34% announced premium.

### Outlook

Although we remain confident that the current credit issues will be contained, we are mindful that dislocations such as this often take longer to play out than one initially hopes. Together with the recent 10% rise in the price of oil, it is fair to characterise our view of the world as slightly less sanguine than at the last time of writing. As a result, we felt it prudent to unwind our leverage (via index options) with a view to further reducing market exposure. Whilst we do not think the current corrective phase will develop into anything significantly more sinister, our indicators do not suggest that sentiment has sufficiently adjusted to the new (credit market) reality. Looking at our sector, we are buoyed by its continued outperformance. The inflection point that we believe occurred in Q3/Q406 is looking increasingly certain, and we anticipate that (once the current correction has played out) the sector will cement its leadership status during the rebound that follows.

Ben Rogoff, 9th August 2007

## Performance



### Cumulative Performance (%) to 31/07/2007

	1 Month	3 Months	6 Months	1 Year	3 Years
NAV	-1.90	1.71	-0.37	12.72	36.63
Share Price	-0.22	-0.55	-5.62	10.61	50.66
Benchmark	-1.43	3.45	4.35	17.38	26.99

### 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
NAV	14.90	1.21	17.53	15.95	5.80
Share Price	10.85	2.02	27.24	7.87	9.31
Benchmark	19.08	-3.14	9.16	5.71	8.33

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

# 31 July 2007

## Fact sheet

### Trust Facts

Share Price (p)	226.75
NAV per Share (p)	243.54
Discount (%)	-7.40
Gross Total Assets (£m)	376
Gearing* (%)	108.10

\*The gearing figure is calculated by dividing the Trust's total assets by its net assets. The calculation ignores the effect of any 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	138,954,914 Ordinary shares at 25p

### Benchmark

Dow Jones World Technology Index (Total Return)

### 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.

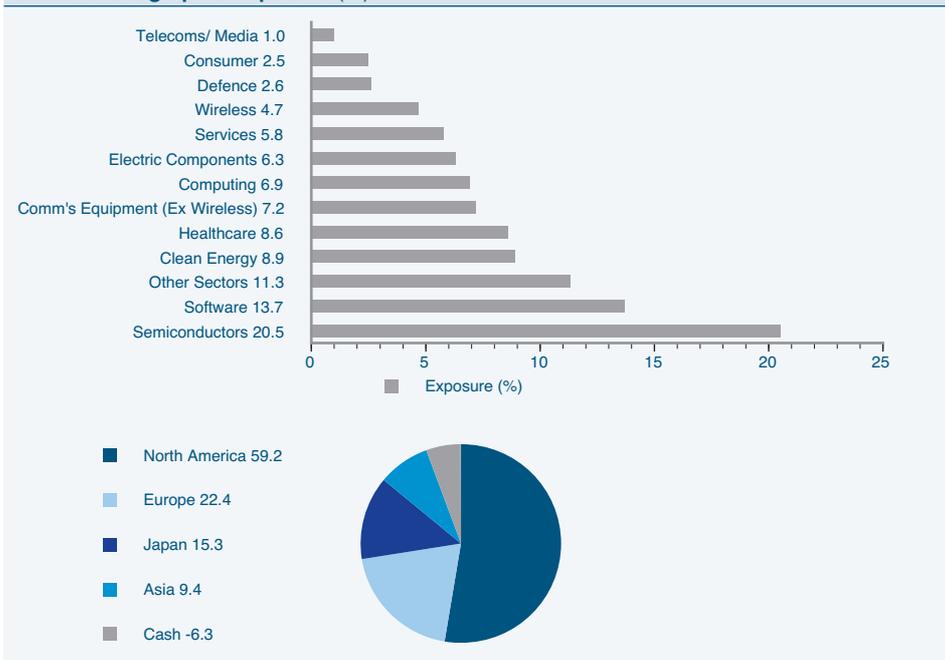
#### Investment Rationale

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 (%)



## 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.

## Total Number of Holdings

147

## Top Ten Holdings (%)

Company	Exposure (%)
Renesola	2.7
Tokyo Seimitsu	2.6
Advantest	2.4
Ibiden	2.2
Nidec	2.2
Google	2.2
Apple Computers	2.1
Motech	2.0
Nitto Denko	1.9
Union Tool	1.7
<b>Total</b>	<b>22.1</b>

## Market Capitalisation Exposure (%)

Category	Exposure (%)
Large (greater than US\$ 10bn)	30.7
Medium (US\$ 1bn to 10bn)	46.6
Small (less than US\$ 1bn)	22.7

## 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](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

Lloyds TSB Registrars Scotland  
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)

All data as at 31 July 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