

## Fund Manager Comment

### Market Performance

Weak economic data and fear of a potential Greek default led to a sharp sell-off in equity markets before the successful passing of an austerity package in Greece and some more encouraging US data presaged a powerful month-end rally, which left the FTSE World Index up 0.7% in June, aided by Sterling weakness. The first half of the month was dominated by weak economic data (nonfarm payrolls, disappointing European and Chinese PMIs) and the spectre of a Greek default which drove ten year US Treasury bond yields below 3% for the first time this year with oil prices falling as much as 10%. This contraction in risk appetite naturally weighted on equities in what was an almost repeat performance of last summer's 'growth scare'. The 'risk off' trade reached its zenith mid month, concurrent with the most bearish AAll Investor Sentiment survey reading witnessed since July 2010. Although news flow remained poor with the Fed lowering US growth expectations and downplaying the potential for a third round of QE, equities held their ground. Fortunately a positive outcome in Greece and better than expected ISM data led to a pronounced rotation from bonds into equities late in the month and US stocks post their strongest weekly gain in two years, as ten year US Treasury yields rose from 2.86% to 3.18%.

### Technology Performance

The technology sector trailed the broader market during the month as falling bond yields weighed on cyclical sub-sectors such as semiconductors, the Dow Jones World Technology Index fell 1.2% in Sterling terms. In addition, the sector had to absorb the impact of a significant negative earnings development as Research in Motion (the maker of Blackberry devices) issued guidance significantly below expectations. This led to profit-taking in the smartphone food chain, further contributing to semiconductor weakness, which - augmented by poor numbers from DRAM maker Micron - led to pronounced underperformance of component-heavy geographies such as Taiwan. Pre-announcement season also left its mark on the optical equipment space as ongoing inventory digestion resulted in disappointing numbers from both Ciena and Finisar. However, it was far from all doom and gloom as constructive off-quarter reports from software vendors Oracle, Red Hat and TIBCO reflected continuing positive enterprise capital spending trends.

### Outlook

As previously suggested, we believe that investors will have to contend with ongoing 'echoes' of the recent credit crisis, which will likely manifest as 'growth scares'. The past month has served as a timely reminder of how difficult it can be to remain resolute (and to buy on weakness) when faced with a myriad of seemingly thesis challenging developments. Although we acknowledge that the Greek austerity vote has only allayed European sovereign risk, we continue to believe that the most likely prognosis for the global economy remains that it 'muddles through'. Indeed, sharply lower commodity and in particular energy prices may have reduced the risk of policy error in emerging markets by taking the sting out of unhelpful inflationary trends. As such - amid comments from the Chinese that imply recent tightening efforts are largely complete - we believe that the 'set-up' for stocks as we head into the second half of the year remains favourable, particularly relative to other asset classes.

Regarding our sector, we remain firmly in the bullish camp as we continue to believe that we are just two years into a new technology cycle. As we have outlined in our most recent annual report, we strongly believe that the shift towards cloud computing is best understood as the IT industry moving to a mass production model. This is likely to result in a step change in the cost of delivering IT combined with significantly more flexibility and lower upfront investment. As such, we expect this coming cycle to prove the most disruptive yet as enterprise vendors and the 'craftsmen' associated with today's distributed architecture lose out to a cheaper, more monolithic and highly centralised alternatives pioneered by the likes of Google, Amazon and Salesforce.com. Although this dynamic will take years to fully play out, we expect more challenging economic conditions to accelerate adoption of these newer technologies as companies strive to reduce the operating expenses associated with legacy IT.

With the media understandably focused on the 'frothy' valuations being applied to social networking companies, it is worth reminding investors that beyond this pocket of ebullience, technology valuations remain attractive, even setting aside the cheap but increasingly challenged incumbents. Although the upcoming earnings season may provide us with more buffeting than usual (due to recent macroeconomic deceleration) we believe our secular growth / new cycle bias should ameliorate this near term hurdle. Beyond earnings season lies more favourable seasonality, potential economic re-acceleration (as global automotive production fully resumes) and the prospect of further M&A activity. As such - given that volatility is likely to remain elevated - we expect to buy weakness if and when it occurs, given an overarching view that our interests - as equity investors - are about as aligned with policy makers as they will ever be.

Ben Rogoff, 7th July 2011

## 30 June 2011

Fact sheet

### Trust Facts

<b>Ordinary Shares<sup>†</sup></b>	
Share Price (p)	357.70
NAV per Share (p)	364.19
Discount (%)	-1.78
Capital Structure	127,416,770 of 25p

### Subscription Shares<sup>†</sup>

Share Price (p)	17.25
Exercise Price (p)	
- Until 31 March 2012	401.00
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	25,289,432 shares of 1p

Total Net Assets (£m)	464
AIC Gross Gearing Ratio (%) <sup>*</sup>	107.00
AIC Net Gearing Ratio (%) <sup>*</sup>	98.00

<sup>\*</sup>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<sup>\*</sup>

Management Fee	1.00%
Performance Fee <sup>**</sup>	15% over Benchmark
Total Expense Ratio (historic)	1.16%

<sup>\*</sup> Further details can be found in the Report & Accounts

<sup>\*\*</sup> 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.

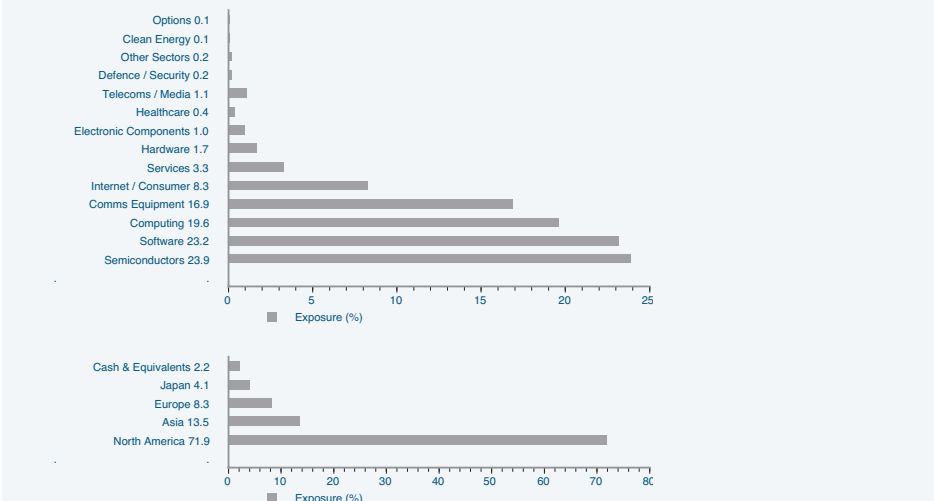
†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

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.

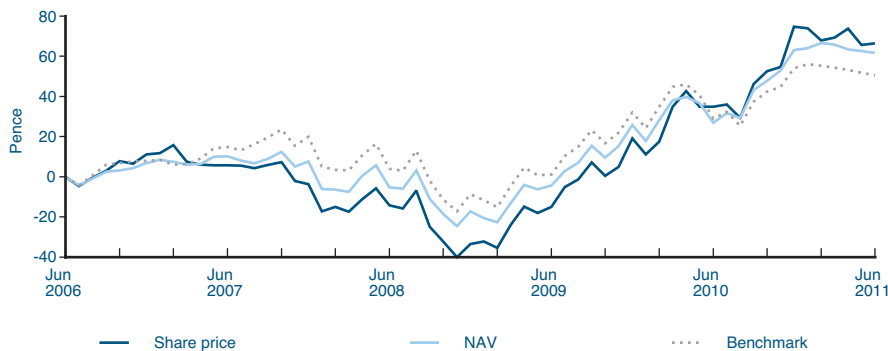
## 30 June 2011

### Fact sheet

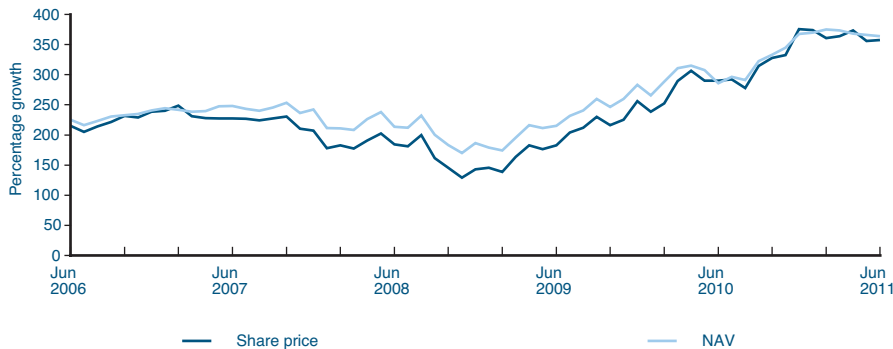
#### Sector & Geographic Exposure (%)



#### Performance Over 5 Years



#### Share Price & NAV per Share Over 5 Years



#### Cumulative Performance (%) to 30/06/2011

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	0.48	-1.73	-4.74	23.39	66.37
NAV per Share	-0.57	-2.50	-0.93	27.43	61.61
Benchmark	-0.91	-2.46	-2.33	16.60	50.46

#### 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

<b>Total Number of Holdings</b>	<b>131</b>
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<b>Top Ten Holdings</b>	<b>(%)</b>
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Apple	8.6
International Business Machines	4.6
Oracle	3.9
Google	3.9
Microsoft	3.6
Samsung Electronics	3.3
Qualcomm	2.6
Taiwan Semicon Manufacturing	2.1
EMC Corporation	2.0
Texas Instruments	1.5
<b>Total</b>	<b>36.0</b>

<b>Market Capitalisation Exposure</b>	<b>(%)</b>
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Large (greater than US\$ 10bn)	65.0
Medium (US\$ 1bn to 10bn)	22.4
Small (less than US\$ 1bn)	12.6

#### 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.

30 June 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](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.

## Important Information

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This document does not provide all information material to an investor's decision to invest in the Polar Capital Technology Trust PLC, including, but not limited to, risk factors.

## Statements/Opinions/Views

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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

The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

## 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, 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.