

## Fund Manager Comment

### Market Performance

Stocks extended their gains following decisive central bank action in both the UK and the US which made it clear that monetary authorities recognised the seriousness of the credit market dislocation and the need to use monetary policy to 'underwrite' the financial system. The 0.5% cut in US interest rates may have helped global equities rise by 3.8% in Sterling terms (as measured by the FTSE World Index) but the US Dollar bore the brunt of wider interest rate differentials, the greenback falling 5% and 1.5% against the Euro and Sterling respectively. The fifty basis point interest cut reflected a growing sense of crisis emanating from the sub-prime related log jam in credit markets. The need for decisive leadership was most keenly felt in the UK which saw extraordinary scenes reminiscent of the 1930s amid the near-collapse of Northern Rock. The fairly swift decision by the Bank of England to quasi-nationalise the building society calmed savers nerves; likewise Fed action soothed equity markets as it had an immediate positive impact on LIBOR spreads.

### Technology Performance

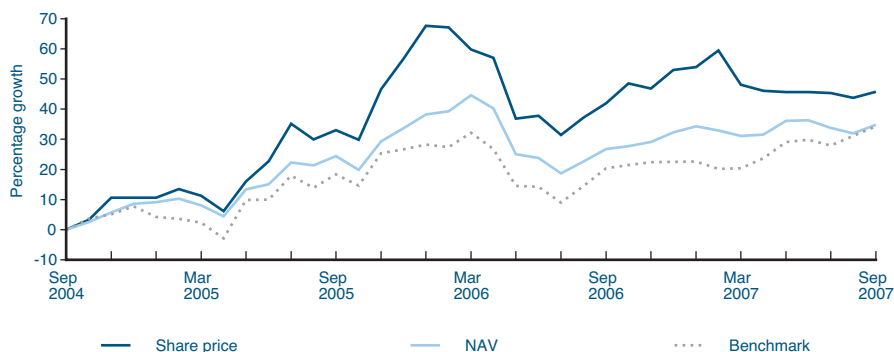
Technology stocks modestly underperformed global equities, the Dow Jones World Technology Index rising 2.7% in Sterling terms. However, this largely reflected the outstanding performance of emerging markets where the technology sector is under-represented. In both the US and Europe, technology leadership persisted as investors continued to rotate away from financial-related issues, and broadly from value to growth. Strong earnings announcements from Adobe and Oracle against a tricky macroeconomic backdrop helped solidify the sector's leadership status.

### Outlook

Whilst the credit crunch has clearly yet to run its course, we remain encouraged that US housing weakness and the present financial dislocation can be contained. The Fed action was emblematic - designed to deliver the message that monetary policy will be used to underpin the US economy. Longer term this will almost certainly spell the end of the current bull market in the form of resurgent (and persistent) inflation expectations. For now however, equity investors will likely remain emboldened by the existence of the 'Bernanke put' whilst retaining a liquidity preference. In our mind, the rotation from value to growth is just beginning and as such this augers well for ongoing technology outperformance driven by superior earnings and undemanding valuations.

Ben Rogoff, 2nd October 2007

## Performance



### Cumulative Performance (%) to 28/09/2007

	1 Month	3 Months	6 Months	1 Year	3 Years
Share Price	1.45	0.11	-1.52	2.71	45.83
NAV per Share	2.20	-1.11	2.82	6.37	34.86
Benchmark	2.40	3.44	11.57	11.58	34.28

### Discrete Annual Performance (%)

	29/09/06 28/09/07	30/09/05 29/09/06	30/09/04 30/09/05	30/09/03 30/09/04	30/09/02 30/09/03
Share Price	2.71	6.75	33.01	-0.79	65.53
NAV per Share	6.37	1.86	24.46	3.57	40.33
Benchmark	11.58	1.70	18.33	-7.57	51.46

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

## 28 September 2007

### Fact sheet

### Trust Facts

Share Price (p)	227.50
NAV per Share (p)	245.52
Discount (%)	-7.92
Total Assets - Investments (£m)	334
Borrowing (£m)	-38
Net Assets (£m)	342
Gearing (%)*	97.80

\* 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	2010 AGM; every 5 years
Listed	London Stock Exchange
Capital Structure	138,668,914 Ordinary shares of 25p

### 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.

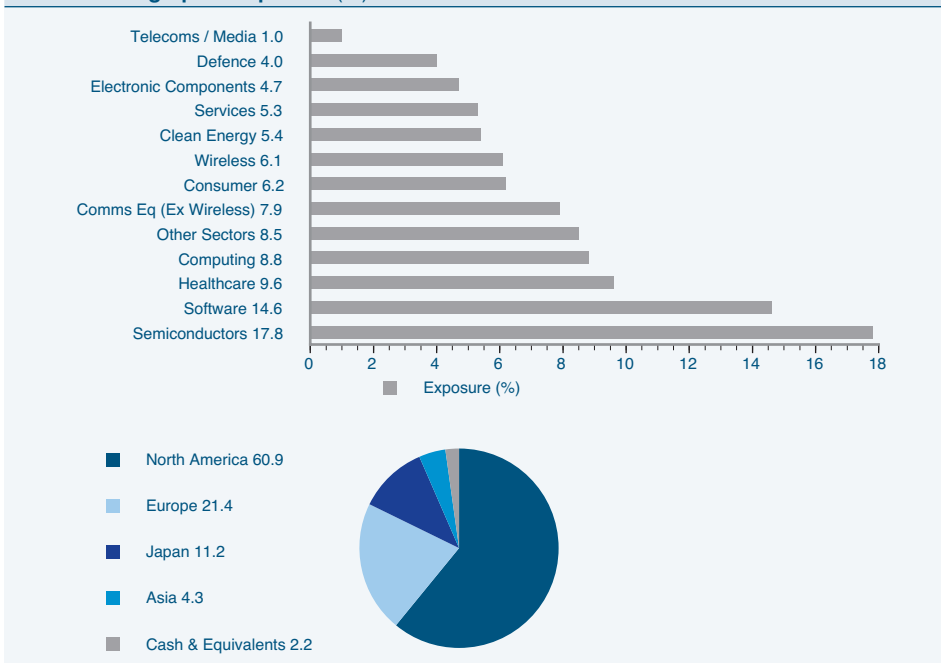
#### Investment Rationale

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 (%)



## 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 - 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

140

## Top Ten Holdings (%)

Company	Exposure (%)
Apple	2.8
Google	2.3
Cisco Systems	2.1
Texas Instruments	1.8
Ittron	1.8
Qualcomm	1.8
Applied Mats	1.8
Adobe Systems	1.7
Nidec	1.6
Philips Electronics	1.6
<b>Total</b>	<b>19.3</b>

## Market Capitalisation Exposure (%)

Market Capitalisation	Exposure (%)
Large (greater than US\$ 10bn)	43.0
Medium (US\$ 1bn to 10bn)	35.8
Small (less than US\$ 1bn)	21.2

## 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)

All data as at 28 September 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