

# Polar Capital Partners Factsheet

## Polar Capital Technology Investment Trust Plc.

31 May 2006

<b>Price:</b>		<b>Fund Particulars:</b>		<b>Portfolio Analysis:</b>	
Share Price	213.50	Management:	Polar Capital LLP	<b>Gearing: 11.8%</b>	
NAV per Share	277.60	Sales/Marketing:	+44 207 227 2709	The gearing figure is calculated by dividing the Trust's gross assets by its net assets. This calculation ignores the effect of any cash or fixed interest holdings.	
Discount	-6.2%	Lead Managers:			
Net Yield	N/A	Brian Ashford-Russell/Ben Rogoff			
Gross Total Assets	£318.6m	Established December 1996			
Management Fee	1%p.a plus performance fee				

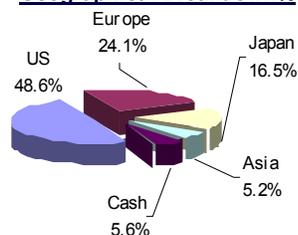
### Top Ten Holdings

	%
Nomura Research Institute	1.28
Aveva group	1.25
CDNetworks Co	1.19
Keyence	1.17
SAP	1.15
Amgen	1.15
Wincor Nixdorf	1.15
Neomax	1.15
Qualcomm	1.14
Aruze	1.14
<b>Total Top Ten :</b>	<b>11.77</b>

### Sector Breakdown

	%
Semi Conductors	15.8
Services	14.5
Software	14.3
Healthcare	14.1
Other sectors	10.7
Computing	8.5
Comms Eq (ex wireless)	5.1
Consumer	3.8
Defence	3.5
Electronic.Components	3.4
Wireless	3.4
Telecoms/media	2.9

### Geographical Breakdown%



### Market Cap

	%
Large(> \$10bn)	35.7
Medium(\$1-10bn)	39.1
Small (<\$1bn)	25.2

Performance Over:	1yr(%)	3yrs(%)
Share Price	17.96	64.86
NAV Diluted	10.21	49.59
FT/S&P World Index	14.01	38.28

All figures capital performance only; Source HSBC

### Polar Capital Technology Investment Trust Over Past 12 Months



2005 Source: Bloomberg, PCT LN - PCTT SHARE PRICE v.s. WITEC Index, GBP. 2006

### Manager Comment

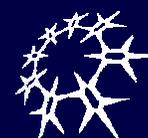
The ascent of global equity markets was significantly thwarted during May as investor risk appetite all but evaporated. Remarks made by Bernanke (suggesting he was less dovish about inflation than the market believed) coupled with strong macroeconomic data, and soaring commodity prices, led investors to start questioning the consensus view of an impending end to the US rate cycle. Growing concerns over the prospect of tighter monetary conditions drove bond yields higher, this in turn weighed heavily on equities. Technology underperformed the broader market with the Dow Jones World Technology Index down 10% (in £ terms) versus a 7% decline in the FTSE World Index. The contraction in risk appetite was most keenly felt in emerging markets and global small-caps as liquidity dried up.

As well as being weighed down by economic concerns the US market was negatively impacted by the option-backdating debacle. The stocks of a number of high-profile technology companies were hit when they announced they were undertaking internal reviews, or were being investigated by the SEC, in relation to the possible backdating of option grants. In Europe economic data continued to show unexpectedly buoyant growth during May but, as elsewhere, increasing fears of global inflation caused investors to retreat swiftly from equity markets. European companies had the added negative of a continued weak Dollar, hindering their export competitiveness against global competition. In Asia the rout was particularly brutal, although not especially surprising given the extended run Asian markets have enjoyed for many months.

During the month we continued to reduce our cyclical exposure. We also made further sales from our European small and mid cap portfolio where valuations have looked full and excess new equity supply remains an issue. However, in Japan where the Mothers market has collapsed, value has reappeared in smaller growth stocks and we have materially reoriented the portfolio in the direction of these companies.

Whilst, due to both seasonal and cyclical concerns technology is likely to face headwinds over the summer, our medium-term prognosis for the technology market remains cautiously optimistic. We do not anticipate that US rates will rise significantly from current levels, nor do we believe a recession is anything other than a low-probability event. Our position is that a slower economy during the second half of the year should obviate the need for sharply higher rates, which in turn will return attention back towards attractive equity valuations. However, until the data proves otherwise, valuations will remain overshadowed by perceived inflation / interest rate risk making equities more of a 'show-me' story for now. That said, credit spreads remain narrow and a number of our indicators have recently turned more positive. Most encouragingly, investor sentiment has returned to (bearish) levels, which have tended to presage a period of strong market action.

Ben Rogoff, 8<sup>th</sup> June 2006



**Investment Rational:** 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 Technology Trust 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

### **Polar Capital Technology Investment Management Team**

Polar Capital Technology Trust is managed by the Polar Capital Partners technology team. Polar Capital was established by the senior technology fund managers previously responsible for Henderson's specialist technology funds. Today's Polar technology team comprises six investment professionals:

#### **Polar Capital Technology Investment Trust Lead Managers:**



**Brian Ashford-Russell:** Was Head of the Technology Team at Henderson (previously Touche Remnant) from 1987 until his resignation to set up Polar Capital in September 2000. He has been the appointed fund manager of Polar Capital Technology Trust since its launch in 1996 as Henderson Technology Trust, and was also the manager of HTT's predecessor, TR Technology, from 1988 to 1998. He managed the Henderson Global Technology Unit Trust from its launch in 1984 to 1996 as well as a number of other funds.



**Ben Rogoff:** Deputy manager of the trust responsible for managing the US technology portfolio and assisting in the asset allocation process. He has been a technology specialist for eight 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.

#### **Technology Investment Management Team:**

##### **Tim Woolley – Fund Manager**

Began his career at Prolific as a trainee US fund manager in 1987. He joined Henderson's technology team in 1996 and launched the Henderson Horizon fund that focused on small and mid cap technology companies. Tim left with Brian to establish Polar Capital Partners in 2001

##### **Craig Mercer - Fund Manager**

Craig has over seven 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 he focuses on Japanese technology stocks working closely with the Polar Capital Japan team.

##### **Emma Parkinson - Analyst**

Emma has worked with Brian and Tim for the last eight 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.

##### **Diana MacAndrew - Analyst**

Diana graduated from Durham University in 2000 and has been employed at Polar Capital since its inception in January 2001. She is responsible for coverage of the global semiconductor sectors.

**Polar Capital Technology Trust PLC is an investment trust listed and traded on the London Stock Exchange.**

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

