

<b>Price:</b>	
Share Price	228.00
NAV per Share	239.76
Discount (calculated on diluted NAV)	-4.85
Net Yield	N/A
Gross Total Assets	£373m
Management Fee	1%p.a plus performance fee

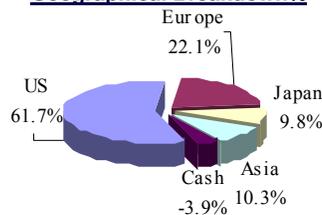
<b>Fund Particulars:</b>	
Management:	Polar Capital LLP
Sales/Marketing:	+44 207 227 2709
Lead Manager:	Ben Rogoff
Established	December 1996

<b>Portfolio Analysis:</b>
<b>Gearing: 111.23%</b>
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.

### Top Ten Holdings

	%	Sector Breakdown	%
Renesola	3.04%	Semiconductors	24.6%
Tokyo Seimitsu	2.37%	Software	14.5%
Advantest	2.28%	Other Sectors	14.8%
Motech	2.08%	Computing	8.3%
Network Appliances	1.72%	Healthcare	8.7%
Nidec	1.63%	Services	7.5%
Nitto Denko	1.61%	ComsEq (Ex Wireless)	7.5%
Apple Computers	1.60%	Electric Components	4.1%
Zeon	1.59%	Defence	3.5%
Google	1.56%	Wireless	3.2%
<b>Total Top Ten :</b>	<b>19.45%</b>	Consumer	2.3%
		Telecoms/ Media	1.0%
		Futures and Options	0.0%

### Geographical Breakdown%



### Market Cap

Market Cap	%
Large (> \$10bn)	31.8
Medium (\$1-10bn)	44.0
Small (<\$1bn)	24.2

### Performance Over:

	1yr(%)	3yrs(%)
Share Price	-6.94	38.39
NAV Diluted	-6.26	24.11
DJ World Technology Index	-2.05	15.59

All figures capital performance only; Source HSBC

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



2006 Source: Bloomberg, PCT LN - PCTT SHARE PRICE v.s. W1TECH Index, GBP. 2007

### Manager Comment

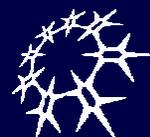
Equities continued their post-February recovery, the FTSE World Index gaining 2.3% in Sterling terms during the month. Local currency returns were better still but were muted by continued Sterling strength. Despite investor focus on the condition of US housing and possible contagion, soft US economic data was shrugged off, courtesy of benign inflationary readings, resolution of the latest act of Iranian brinkmanship and (even more) dramatic M&A activity. The US market was amongst the better performers as the quarterly earnings season got off to an encouraging start and a slew of take-outs at healthy premiums helped underpin valuations. European stocks also moved higher driven by similar impulses and better than anticipated economic data, especially from Germany. Japan and Asian markets lagged, reflecting relative dearth of M&A activity and a number of disappointing earnings forecasts.

Against this backdrop technology stocks outperformed, the Dow Jones World Technology Index advancing 2.7% in Sterling terms. Despite nervousness ahead of the first quarter earnings season, reports have been generally upbeat, with a number of high-profile companies including Nokia, Texas Instruments, Amazon and IBM posting earnings ahead of expectations. Good results helped large capitalization technology stocks meaningfully outperform during the month. The semiconductor sector was also a strong performer, reflecting increased evidence that the first quarter marked the cycle trough, as we have long contended. Moreover, a number of technology companies including IBM, Linear Technology and Altera announced large accelerated buy-backs. Thus the de-equitisation (shrinking equity base) continues, not just via outright M&A (which this month claimed two sizeable technology companies – Medimmune and First Data – both at substantial premiums) but also as a result of corporate buybacks initiated as a result of overcapitalised balance sheets and the desire to preempt possible private equity interest.

In terms of portfolio activity we added modestly to our leverage by buying a number of US small capitalisation stocks, reflecting our view that the current technology cycle will be driven by next generation companies unencumbered by legacy exposure. We have also maintained our cyclical exposure reflecting our increased confidence in a first quarter cyclical low

As we have suggested in numerous previous reports, equity valuations remain undemanding in anything other than a recessionary environment. With a housing market that might potentially deliver the *coup de grace* to a structurally flawed and decelerating US economy, it is little wonder that there exists a bifurcation between bears who focus on the risks associated with heightened recessionary probability and bulls who instead point to strong liquidity trends, ongoing M&A activity and equity earnings yields in excess of bonds. Whilst mindful of the risks, our market prognosis remains positive for reasons elucidated previously. The recent rotation back towards our sector is encouraging albeit so far skewed towards larger capitalization names. With a superior earnings profile, modest relative valuation premiums, a semiconductor cycle that is in the process of bottoming and a multitude of exciting product themes, we are confident that the technology sector will begin to deliver returns commensurate with its relative prospects.

Ben Rogoff, 7th May 2007



**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

### **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:**



#### **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 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.



#### **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 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**

*Remains on the trust board and is responsible for asset allocation strategy for the trust.*

Brian 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 had 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.

#### **Tim Woolley –Fund Manager (Founder/Director of Polar Capital Partners)**

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

#### **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.

#### **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

