

## 30 September 2008

### Fact sheet

#### Fund Manager Comment

##### Performance

Meltdown is the word that best describes global market action during September and the first half of October. The FTSE World index fell by 10.2% during the month of September and has fallen further still since the start of October (all statistics in Sterling terms). Given the historic nature of recent events, the extreme volatility during the period and the pace at which the outlook has deteriorated, this report covers a longer than normal period up until time of writing in mid October.

Technology stocks trailed the broader market during September, the Dow Jones World Technology index falling 13.8% as investors pared exposure ahead of a reporting season that is likely to disappoint. Further travails in the financial services vertical also added to technology sector's woes given that c. 20% of IT budgets are exposed to the embattled vertical.

As should be expected against a deteriorating macroeconomic backdrop, technology news flow was poor, particularly in the more commoditised product areas; Dell, TSMC and HonHai were several companies to warn of slowing demand. Although preannouncement season was quiet there were several notable disappointments. SAP reduced guidance due to the inability to close large deals late in September whilst Research in Motion reported robust demand but warned that new product releases were driving up operating expenses. Exceptions included Adobe, IBM, Autonomy and Demandtec all of which reported solid demand.

##### Outlook

It is now almost certain that we are in the early stages of an OECD recession. The key question facing investors is what is already priced into equities, and is this sufficient relative to the economic outlook? In our view there are three key factors, all of which are beginning to fall into place and which should give investors increased confidence over coming months.

Firstly, the normalisation of credit markets is required. Governments globally have put in place the foundations to steady the financial system, by allowing trust to rebuild and lending to resume. We are encouraged by the early signs that government intervention is beginning to have an impact, and credit markets are showing signs of normalising. Unfortunately, even with more normal credit markets, we still expect to experience further forced deleveraging which will put continued pressure on asset prices, including housing. This combined with rising unemployment will also impact consumer spending and corporate profitability, explaining recent falls in share prices.

To help offset these pressures, further significant co-ordinated cuts in global interest rates are required. Fortunately, the recent slowdown in global growth expectations has led to sharp declines in oil, energy and commodity prices. With inflation no longer a concern we believe interest rates need to fall aggressively and will do so. This, combined with a normalisation of credit markets, will allow the benefits to be passed on to consumers and corporate clients alike. Falling inflation in turn has a beneficial effect as it reduces cost pressures and allows for potential expansion of valuation multiples.

Finally, valuations need to fully reflect the downside risk to corporate earnings. It is well known that earnings estimates for the remainder of 2008 and for 2009 are too high. We expect 2009 earnings to be down significantly relative to 2008. Sell side analysts have been extremely slow to react to the deteriorating economic conditions, but we are now finally seeing significant earnings estimate revisions.

We were not expecting a collapse in markets with the pace or magnitude of that seen in October. With hindsight, when clients are worried about safety of the supposedly risk free asset i.e. cash, equities and other supposedly riskier assets are likely to be the least of their worries. As well as a lack of buyers, the collapse in equities was further compounded by hedge fund redemptions and fear surrounding the Lehman CDS (credit default swap) auctions. The key to our more positive stance is that both bottom-up stock valuations and top down market valuations became extremely compelling as the market troughed. We would go as far as to say that many prices reflected the economic risks. As a result we moved to a fully invested position and began to reduce our more defensive expensive relative to the broader technology universe.

As the panic subsides and volatility returns to more normal levels, bottom-up stock picking will drive performance. Sentiment is extremely negative and the last two months' Merrill Lynch investor surveys have showed that investors globally have finally capitulated and are underweight technology. Hedge fund redemptions are likely to remain a drag on markets for several months. We certainly don't expect the news flow to be pretty and we could retest the lows during the earnings correction over the coming months. However, despite all these negatives we believe valuations are compelling and the market is currently in a bottoming process. We continue to focus on high quality companies with strong balance sheets which we believe will provide secular growth in an environment where growth will remain scarce.

Ben Rogoff, 15th October 2008

#### Trust Facts

Share Price (p)	161.50
NAV per Share (p)	200.27
Discount (%)	-19.36
Total Investments (£m)	258
Borrowing (£m)	-21
Gearing (%)*	92.42
Capital Structure	131,741,914 Ordinary shares of 25p

\* 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

#### 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

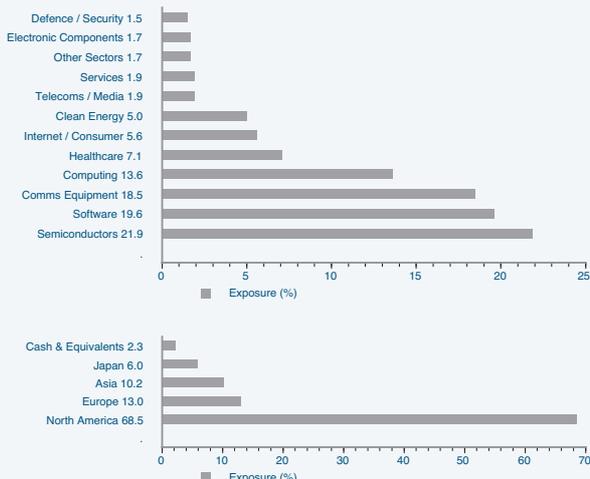
Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new technology. Technology is transforming the competitive position of companies and entire economies, thereby fuelling a major secular increase in technology spending.

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.

## Sector & Geographic Exposure (%)



## 30 September 2008

### Fact sheet

**Total Number of Holdings** 117

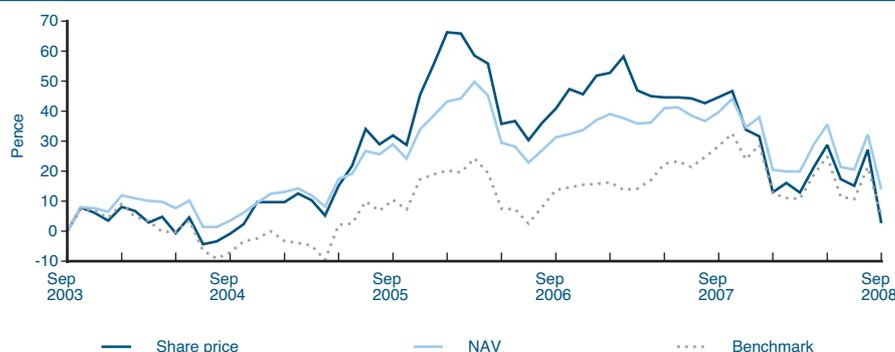
### Top Ten Holdings (%)

Microsoft	4.5
Google	4.3
Intel	4.0
Cisco Systems	3.9
Apple	3.8
Qualcomm	3.7
Samsung Electronics	3.1
Oracle	3.1
Hewlett-Packard	3.0
International Business Machines	2.7
<b>Total</b>	<b>36.0</b>

### Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	61.7
Medium (US\$ 1bn to 10bn)	29.2
Small (less than US\$ 1bn)	9.1

## Performance Over 5 Years



## Share Price & NAV per Share Over 5 Years



## Cumulative Performance (%) to 30/09/2008

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	-19.25	-12.47	-9.01	-29.01	2.70
NAV per Share	-13.84	-6.17	-4.97	-18.43	13.93**
Benchmark	-13.28	-5.60	-4.98	-18.03	5.25

## Discrete Annual Performance (%)

	28/09/07 30/09/08	29/09/06 28/09/07	30/09/05 29/09/06	30/09/04 30/09/05	30/09/03 30/09/04
Share Price	-29.01	2.71	6.75	33.01	-0.79
NAV per Share	-18.43	6.37	1.86	24.46	3.57
Benchmark	-18.03	12.86	3.05	18.70	-6.99

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

\*\*Not Adjusted for warrant exercise in September 2005. NAV per share performance is calculated on the basis of diluted NAV for the entire period.

## 30 September 2008

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



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 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 Capital 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

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

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 in 2001.

##### Nick Evans - Fund Manager

Nick recently joined Polar Capital and has 8 years experience as a technology specialist. He was previously Head of Technology at AXA Framlington where, since August 2001, he had been lead manager of the AXA Framlington Global Technology Fund and the AXA World Fund (AWF) - Framlington Global Technology. Prior to this he spent three years as a Pan European Investment Manager and Technology Analyst at Hill Samuel Asset Management. He started his career as an IT graduate trainee at Lloyds TSB. He graduated from Hull University with a degree in Economics with Business Economics in 1994.

##### 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 a 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.

#### 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 30 September 2008 unless otherwise stated. All sources Polar Capital 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. This factsheet is issued in the UK by Polar Capital LLP and information provided is to the best of our knowledge and a fair representation of the fund. 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