

# Polar Capital Partners Factsheet

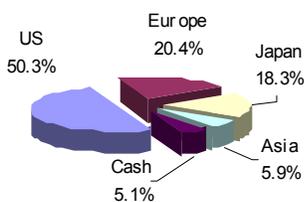
## Polar Capital Technology Investment Trust Plc.

31 July 2006

<b>Price:</b>		<b>Fund Particulars:</b>		<b>Portfolio Analysis:</b>	
Share Price	205.00	Management:	Polar Capital LLP	<b>Gearing: 113.95%</b>	
NAV per Share	215.91	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 (calculated on diluted NAV)	-5.05%	Lead Manager:	Ben Rogoff		
Net Yield	N/A	Established	December 1996		
Gross Total Assets	£344m				
Management Fee	1%p.a plus performance fee				

<u>Top Ten Holdings</u>	<u>%</u>	<u>Sector Breakdown</u>	<u>%</u>
Nomura Research Inst.	1.78	Semi Conductors	17.1
Dena	1.76	Services	15.6
Nidec	1.41	Healthcare	14.6
CDNetworks	1.33	Software	13.9
Infosys Techs	1.31	Other Sectors	8.7
Neomax	1.33	Computing	8.3
Yokogawa Electric	1.29	Comms Eq (ex wireless)	4.7
Genentech	1.27	Wireless	4.6
Amgen	1.26	Electronic Components	4.4
Fresenius Medical Care	1.25	Defence	3.7
<b>Total Top Ten :</b>	<b>13.95</b>	Telecoms/Media	2.2
		Consumer	2.0

### Geographical Breakdown%



### Market Cap

Market Cap	%
Large (> \$10bn)	33.3
Medium (\$1-10bn)	41.4
Small (<\$1bn)	25.4

<b>Performance Over:</b>	<b>1yr(%)</b>	<b>3yrs(%)</b>
Share Price	-2.73	34.43
NAV Diluted	-3.03	29.12
FT/S&P World Index	6.15	31.63

All figures capital performance only; Source HSBC

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



### **Manager Comment**

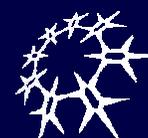
After several weeks of preoccupation with economic data July saw a return of investor focus to company fundamentals as the Q2 earnings season began. Whilst we are still to hear from many technology companies the guidance given by companies thus far has had a negative bias relative to market expectations. Consequently over the month technology stocks continued their underperformance with the DJ World Technology Index finishing -3.5% month on month (£ terms) versus the broader FTSE World Index, which was down only -0.3%. Notably the weakening US Dollar (-1.1% during the month) contributed to these negative returns.

In the US a disappointing start to earnings season, combined with further announcements of stock option investigations, drove technology stocks lower. The consumer sensitive semiconductor and internet sub-sectors were particularly weak (SOX -6.6%, GSTI Internet Index -11.4%). In Europe technology also continued its poor performance as earnings misses from Tietoenator, Atos Origin, SAP, Business Objects and Alcatel dragged the sector lower. Conditions in Japan were markedly tougher than we had anticipated during last month's commentary. Our expectation was that a sustainable low had been put in place for the small cap growth related Mothers index, but the reality was that this segment of the market succumbed to further significant selling during July, finishing down 19.6%.

During the month our European and Asian holdings remained relatively unchanged. In Japan, whilst our bullish call may have been a little early, we regard the main thrust of our arguments as still very much intact and therefore added selectively to core names where we feel the opportunity has become even more compelling. We also added to our US portfolio, allowing cash to drift a little lower.

In terms of outlook, we continue to believe that we are fast approaching a multi-year turning point for technology stocks. The current macro concerns and fear of recession are, in our view, unlikely to materialise however, until such worries subside attractive stock valuations will likely stay overlooked. We remain hopeful that the slower economy we are currently seeing should enable the Fed to adopt a less hawkish approach during the second half of the year, which should act as a positive catalyst. Likewise seasonality, which has hindered the sector during the summer, should become much more favorable by the end of the current quarter. This view is corroborated by a number of the key indicators we monitor starting to look more encouraging. Accordingly we expect to use any market weakness over the next few weeks to become more fully invested in advance of Q4.

Ben Rogoff, 3<sup>rd</sup> August 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:**



#### **Ben Rogoff – Fund Manager**

In June 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 June 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 - Analyst**

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

