

# Polar Capital Partners Factsheet

## Polar Capital Technology Investment Trust Plc.

31 March 2007

<b>Price:</b>		<b>Fund Particulars:</b>		<b>Portfolio Analysis:</b>	
Share Price	231.00	Management:	Polar Capital LLP	<b>Gearing: 111.64%</b>	
NAV per Share	238.78	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)	-3.26	Lead Manager:	Ben Rogoff		
Net Yield	N/A	Established	December 1996		
Gross Total Assets	£373m				
Management Fee	1%p.a plus performance fee				

### Top Ten Holdings

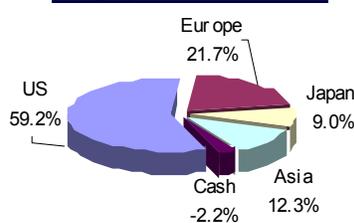
	%
Renesola	3.3%
Motech	2.4%
Avantest	2.3%
Tokyo Seimitsu	2.0%
Apple Computers	1.8%
Qualcomm	1.7%
Network Appliances	1.7%
Zeon	1.6%
Adobe Systems	1.6%
Google	1.6%

**Total Top Ten : 19.85%**

### Sector Breakdown

	%
Semiconductors	24.6%
Software	14.4%
Other Sectors	13.0%
Computing	9.3%
Healthcare	8.9%
Services	8.2%
ComsEq (Ex Wireless)	6.2%
Electric Components	4.2%
Defence	4.0%
Wireless	3.3%
Consumer	3.1%
Telecoms/ Media	0.8%
Futures and Options	0.1%

### Geographical Breakdown



### Market Cap

	%
Large (> \$10bn)	35.1
Medium (\$1-10bn)	41.1
Small (<\$1bn)	23.8

### Performance Over:

**1yr(%)    3yrs(%)**

Share Price	-7.32	42.81
NAV Diluted	-9.31	23.32
DJ World Technology Index	-8.10	10.37

*All figures capital performance only; Source HSBC*

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



Mar Apr May June July Aug Sep Oct Nov Dec Jan Feb Mar  
2006 Source: Bloomberg, PCT LN - PCTT SHARE PRICE v.s. W1TEC Index, GBP. 2007

### Manager Comment

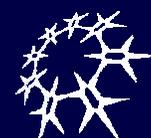
Global equities ended the month modestly higher (the FTSE World Index advancing 1.6% in Sterling terms) regaining much of the ground lost during the precipitous sell-off that began in late February and continued into early March. This positive outcome was all the more surprising given heightened recession fears prompted by weak macro-economic data that pointed to potentially the worst of both worlds – a softening US economy (durable goods, new home sales) accompanied by building inflationary pressures (PCE core, unit labour costs), and a resurgent oil price reflecting raised tensions with international mischief-maker Iran. Against this backdrop of heightened economic uncertainty technology stocks underperformed, the Dow Jones World Technology ending the month largely unchanged in Sterling terms.

That broader markets posted gains reflected a number of positive developments during the month. The resumption of Yen weakness (following lackluster Japanese data) helped allay fears of the end of the 'carry trade', an important source of global liquidity. The well-anticipated FOMC decision to keep rates on hold also acted as a positive catalyst due to less hawkish inflationary commentary which adding weight to the likelihood of an interest rate cut. Perhaps the most significant support came from the acceleration in M&A activity that cut across most market sub-sectors. Within the technology sector, the trend of bellwethers buying faster-growing peers continued with Oracle and Cisco buying Hyperion Solutions and WebEx respectively, both at healthy premiums. The heightened activity of private equity buyers served to remind that equity valuations remain undemanding, especially for those looking to deploy excess cash. Credit spreads remain very lean further contributing to the positive liquidity trends that continue to underpin markets.

There were few meaningful changes to the portfolio composition during the month, although we modestly reduced our leverage into a stronger market ahead of what may well be a sub-seasonal Q1 earnings season. Despite lackluster recent performance, we have retained our sizeable semiconductor position as we remain hopeful that fundamentals are in the process of bottoming.

One cannot fail to be impressed by how well stocks have behaved during a particularly challenging time for those (including us) who believe that a US recession remains a low probability outcome. With this in mind and given that many investors remain myopically focused on the economy, we continue to believe that equities will deliver attractive returns this year driven by liquidity factors, ongoing M&A activity and a modest re-rating. Of course we are mindful of the risks posed by a weak housing market and we are a little exercised by recent inflation readings that could complicate the progress of the rate cycle. We are also anticipating a Q1 earnings season that delivers its fair share of ill-news reflecting what we already know – US economic deceleration. However, taking all of this into account leaves us firmly in the bull-camp; we still expect markets to move higher during the remainder of the year with technology stocks reasserting themselves as investors scale the latest (economic) wall of worry.

Ben Rogoff, 8th April 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

