

## Fund Manager Comment

### Market Review

Global equities were essentially unchanged during April as top-down concerns were ameliorated by a strong first-quarter earnings season and continued M&A activity, the FTSE World Index rising 0.3% in Sterling terms. European stocks were amongst the strongest performers despite the formal request by Portugal for EU aid as investors focused instead on the (highly anticipated) ECB decision to raise its benchmark lending rate by 0.25% to 1.25%. Markets also managed to shrug off further energy price rises (oil +5% during the month) as events in Libya and the wider Middle East showed little sign of abating. To some degree, oil and other commodity price rises reflected US Dollar weakness which fell 3.9% on a trade-weighted basis following the decision by S&P to lower its outlook on the AAA credit rating of the US to negative. This, together with some weaker macroeconomic data towards month end (including worse than expected initial jobless claims) saw US ten-year Treasury bond yields fall from 3.45% to 3.29%. That stocks were relatively resilient in spite of these top-down headwinds reflected a remarkably solid Q1 earnings season, despite expectations of some Japan-related disruption. M&A also added a positive impetus as a number of high profile announcements (including Teva looking to buy Cephalon, Texas Instruments acquiring old rival National Semiconductor) provided an additional bid to stocks.

### Technology Review

Technology stocks trailed the broader market as fear of supply chain disruption and unfavourable seasonality weighed on the sector, the Dow Jones World Technology Index falling 0.8% in Sterling terms. Given recent events in Japan, and growing concern about the strength of the consumer (amid fiscal tightening and soaring oil prices) it was little surprise that the sector acted poorly going into an earnings season that had greater than average potential to disappoint. However, to date the sector has once again delivered strong numbers, especially given some of the aforementioned headwinds.

According to Credit Suisse, at month end with 65% of technology companies having reported, 73% and 71% had exceeded consensus revenues and earnings respectively. Noteworthy strength was evident primarily in enterprise focused companies such as F5 Networks (which bounced back convincingly from its previous earnings stumble), Red Hat, VMware, Polycom and Netgear to name a few. Apple also reported another stellar quarter but a lacklustre iPad shipment number (due to supply chain constraints) held the stock back. Rampant OPEX at Google saw the stock fall sharply, despite strong revenue performance, whilst the poorest quarters were largely delivered by PC-related companies such as Acer, Logitech and Lexmark, reflecting consumer weakness and tablet cannibalisation. Whilst an unexpected strong quarter from Intel helped lift the gloom towards month end, a lacklustre report from Microsoft (especially in its operating system division) reminded investors of the structural challenges faced by the PC space. As in the broader market, M&A was a noteworthy feature during the month as Texas Instruments paid a massive 80% premium for analogue rival National Semiconductor, eBay snapped up GSI Commerce (for a 40% premium) whilst hosting company Savvis was acquired by telecom operator CenturyLink in a move that echoed Verizon's recent purchase of Terremark.

### Outlook

We continue to believe that the investment backdrop (low interest rates, modest core inflation, strong balance sheets and undemanding valuations) remains supportive for stocks. However, with earnings season largely complete investor focus will inevitably shift from the micro (where things are overwhelmingly positive) towards the macro (where things are decidedly more mixed). Although we continue to believe that the global economy will 'muddle' through, the risk of a 'growth scare' does appear to be growing given likely Japanese disruption, deceleration in global PMIs and the end of QE2. As such, the investment backdrop could see some volatility over coming months, although we will look to buy weakness should it occur given our constructive longer-term view.

Turning to technology, we think that recent sector underperformance largely reflects dis-allocation from the sector due to adverse seasonality and the risk of Japanese supply-chain disruption. Given that both of these factors are finite by nature, we fully expect the sector to regain its momentum as we head into the second half of the year. During the intervening months we will look to further reduce our large-cap exposure in favour of our small and mid-cap next-generation stocks as we continue to believe that we are just two years into a new technology cycle that will be driven by three key themes - cloud computing, broadband applications and mobile data - augmented by emerging market adoption of IT. Whilst valuations of key next generation assets have expanded as the new cycle has become better understood, most remain reasonable relative to their growth profiles, particularly given the likelihood of ongoing strategic M&A by cash-rich but structurally challenged incumbents.

Ben Rogoff, 5th May 2011

## 28 April 2011

### Fact sheet

#### Trust Facts

Share Price (p)	373.50
NAV per Share (p)	368.28
Premium (%)	1.42
Capital Structure	127,111,211 of 25p

#### Subscription Shares<sup>†</sup>

Share Price (p)	25.75
Exercise Price (p)	
- Until 31 March 2012	401.00
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	25,294,991 shares of 1p

Total Net Assets (£m)	469
AIC Gross Gearing Ratio (%) <sup>*</sup>	106.00
AIC Net Gearing Ratio (%) <sup>*</sup>	98.00

<sup>\*</sup>Gearing calculations are exclusive of current year Revenue/Loss

#### 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	August 2011
Continuation Vote	2015 AGM; every 5 years
Listed	London Stock Exchange

#### Benchmark

Dow Jones World Technology Index (Total Return)  
(from 1 May 2006)

#### Fees<sup>\*</sup>

Management Fee	1.00%
Performance Fee <sup>**</sup>	15% over Benchmark
Total Expense Ratio (historic)	1.16%

<sup>\*</sup> Further details can be found in the Report & Accounts

<sup>\*\*</sup> Subject to high watermark

#### Trust Objective

##### Objective

The investment objective is to maximise capital growth for our shareholders through investing in a diversified portfolio of technology companies around the world.

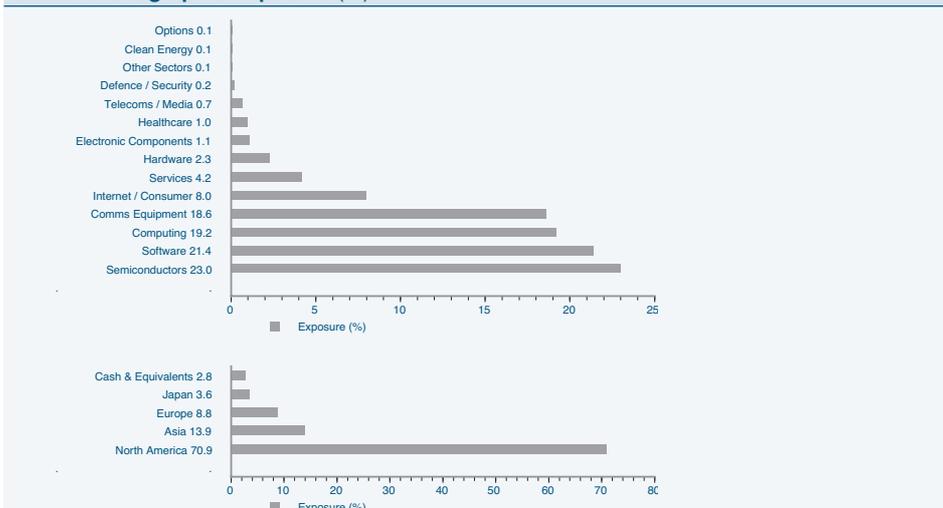
†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this list. A list of all recommendations made within the immediately preceding 12 months is available upon request.

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Fact sheet

## Sector & Geographic Exposure (%)



**Total Number of Holdings** 129

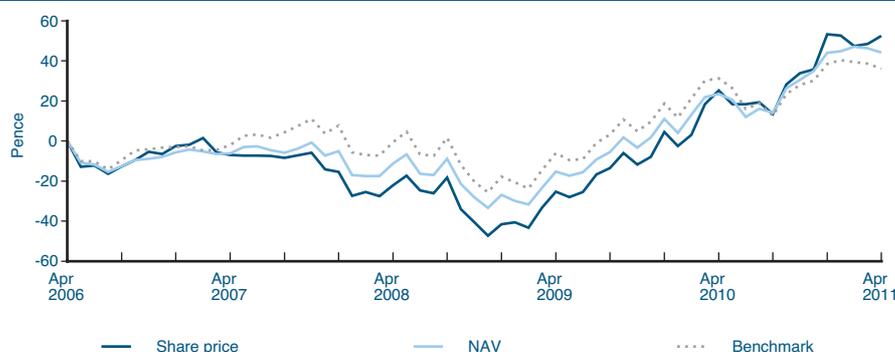
## Top Ten Holdings (%)

Apple	8.1
International Business Machines	4.3
Oracle	4.3
Google	3.9
Samsung Electronics	3.3
Microsoft	3.3
Qualcomm	2.7
Cisco Systems	2.2
Intel	2.0
Taiwan Semicon Manufacturing	2.0
<b>Total</b>	<b>36.2</b>

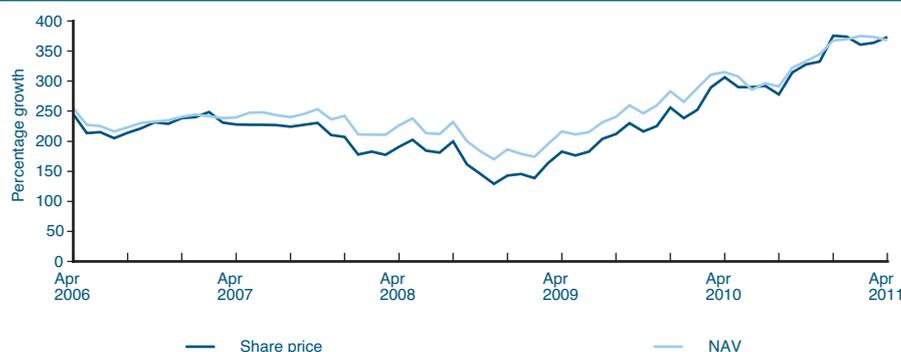
## Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	66.7
Medium (US\$ 1bn to 10bn)	21.5
Small (less than US\$ 1bn)	11.8

## Performance Over 5 Years



## Share Price & NAV per Share Over 5 Years



## Cumulative Performance (%) to 28/04/2011

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	2.61	-0.11	13.87	21.74	52.45
NAV per Share	-1.40	-0.42	10.55	16.88	44.26
Benchmark	-1.82	-3.02	6.34	3.68	36.09

## Discrete Annual Performance (%)

	31/03/10 31/03/11	31/03/09 31/03/10	31/03/08 31/03/09	30/03/07 31/03/08	31/03/06 30/03/07
Share Price	25.60	77.25	-7.89	-23.16	-7.32
NAV per Share	20.08	58.94	-7.14	-11.75	-9.27
Benchmark	6.51	52.05	-7.69	-3.00	-8.10

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

## Trust Overview

### 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.

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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



Ben has been a technology specialist for twelve 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. He is lead manager of Polar Capital Technology Trust plc, with responsibility for the management of Polar Capital's US technology portfolios. He is also joint manager of Polar Capital Global Technology Fund. Ben graduated from St Catherine's College, Oxford in 1995.

### Craig Mercer - Deputy Manager



Craig joined Polar Capital in 2002 from Scottish Equitable (later Aegon) where he managed their Japan OEIC. Craig is deputy manager of Polar Capital Technology Trust plc and is responsible for coverage of Asian technology and global alternative energy stocks. Craig has an Economics degree from York University.

### Technology Investment Management Team:

#### Nick Evans - Fund Manager

Nick joined Polar Capital in September 2007 and has eleven years experience as a technology specialist. He was previously Head of Technology at AXA Framlington and Citywire 'A' rated. He was lead manager of the AXA Framlington Global Technology Fund and the AXA World Fund (AWF) - Framlington Global Technology (both rated five stars by S&P) between Aug 2001 and July 2007. Prior to this he spent three years as a Pan European Investment Manager and Technology Analyst at Hill Samuel Asset Management. Nick has an Economics degree from Hull University.

#### Colin Moar - Fund Manager

Colin joined Polar Capital in January 2011, having spent 13 years covering pan-European and then Global Equity markets with the Technology sector as his main focus. He started his career at Morley Fund Management in 1997 initially covering UK/European equities before moving to their global equity team in 2002. From 2006 he took responsibility for £450m of the team's focused global equity funds. In January 2010 Colin joined HSBC Asset Management's Global Equity team as a Senior Fund Manager. Colin graduated from the University of Edinburgh with a degree in Business Studies.

#### Fatima Iu - Analyst

Fatima joined Polar Capital in April 2006 after working as an analyst with Citigroup Asset Management for 18 months. She focuses on European technology stocks and has responsibility for coverage of the global medical technology sub-sector. Fatima graduated from Imperial College London in 2002 with a Masters in Chemistry.

#### 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.

## 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)

## House View

This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

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## Statements/Opinions/Views

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## Holdings

The top 10 positions were selected based on percentage of AUM. This portfolio data is as at the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

## Benchmarks

The following benchmark index is used: Dow Jones World Technology Index (Total Return). This benchmark is generally considered to be representative of the Technology equity universe. This benchmark is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to [www.djindexes.com](http://www.djindexes.com) for further information on this index. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, the index noted in this presentation is unmanaged, are not available for direct investment, and is not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the index reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to the index in composition or risk.

## Regulatory Status

This document is Issued in the UK by Polar Capital. 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.

## Information Subject to Change

The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

## Forecasts

References to future returns are not promises or even estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, the forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

## Performance

Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Many factors affect fund performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment return and principal value of your investment will fluctuate, so that when your investment is sold, the amount you receive could be less than what you originally invested. Past performance is not a guide to or indicative of future results.† Future returns are not guaranteed and a loss of principal may occur. 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, or the income from, the investment. Investments are not insured by the FDIC (or any other state or federal agency), are not guaranteed by any bank, and may lose value.

## Investment Process - Risk

No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable. Investors may lose all of their investments.

## Allocations

The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. The actual performance of the fund will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the fund while minimizing its risk. The actual investments in the fund may or may not be the same or in the same proportion as those shown herein.