

31 January 2011

Fact sheet

Fund Manager Comment

Market review

Whilst equity markets made an encouraging start to 2011, gains were entirely offset by Dollar weakness (falling 2.8% versus the British Pound), leaving the FTSE World down 0.5% in Sterling terms during January. US macroeconomic data reflected an economy in recovery mode, evidenced by strong existing and new home sales. While annualised 4Q real GDP rose at a healthy 3.2%, real final sales grew 7.1% sequentially, the fastest quarterly increase since Q2 1984. Unswayed by these positive developments, the FOMC left rates unchanged and maintained their intent to continue to repurchase \$600bn of longer-term Treasury securities by the end of the second quarter. In Europe newsflow was also positive, successful bond auctions in Portugal, Italy and Spain helping the Euro add to its recent gains. Improving investor sentiment contributed to a 'bond to equity' switch that saw US Treasury yields continue to rise whilst strong net equity flows provided stocks with a supportive bid throughout the month. This (together with US Dollar weakness) likely contributed to pronounced large-cap outperformance (c. 3%) aided by M&A activity in the broader market. The month ended on a nervous note with protests in Egypt beginning to have a deleterious impact on energy prices and regional risk assets.

Technology review

Technology stocks continued to lead the broader market as strong earnings-related performances from a number of mega-caps including IBM, Apple and Qualcomm (check each) drove large-cap indices; the Dow Jones World Technology Index rose 0.8% in Sterling terms. Earnings season dominated proceedings as companies largely reported good numbers amid evidence of a classic fourth-quarter 'budget flush'. Unlike in previous months where good news was overwhelmingly skewed in favour of next-generation companies, an overall improvement in IT spending allowed stalwarts such as IBM and SAP to report strong numbers that belied their undemanding valuations. In contrast a sharp decline in F5 Networks' stock following a modest miss presaged a pronounced rotation from small caps to larger names with so-called 'cloud names' underperforming materially during the month.

In other news, Apple's talismanic CEO Steve Jobs announced he would be taking another period of medical leave. This negative development was materially ameliorated by an exceptionally strong quarter (reported the following day) and unusually bullish guidance. Personnel changes also overshadowed a strong quarter from Google as CEO Eric Schmidt announced he was stepping aside to make way for co-founder Larry Page. Semiconductor stocks were amongst the strongest performers driven by Microsoft's announcement that they would ensure that their next operating system release (Windows 8) would run natively on ARM-based cores. Appropriately this led to a sharp rally in ARM and a number of its key customers (such as NVidia) as this news seemingly opened up the PC and (in time) the server markets to non-Intel/AMD based MPUs. Against this backdrop, Intel's decision to significantly increase its capital equipment spending forecast for 2011 made plain its intent to outmuscle its (arguably architecturally superior) competition. This led to strong performances from capital equipment providers such as ASML Lithography and KLA-Tencor that should benefit from a potential 'arms race' in the semiconductor industry.

Outlook

Ever since Fed Chairman Ben Bernanke indicated his willingness to embark on a second round of QE investors have become emboldened by the return of the so-called 'Fed Put', which appears to have led to widespread disallocation from bonds in favour of equities. The combination of 'stick' (reflation) and 'carrot' (dividend yield) has made this allocation call relatively easy and - based on some encouraging fund flow data - looks set to continue. As such equity markets have continued to grind higher despite potential headwinds in the form of higher energy prices, unrest in Egypt and - at time of writing - a Chinese interest rate hike. While the case for equities is clearly beyond the remit of this factsheet, we certainly believe that a strong argument can be made for PE expansion now that the recovery is better established. Although a bullish prognosis, a rising market characterised by improved breadth (as the recovery somewhat levels the playing field) and PE expansion runs the risk of obfuscating our base (new cycle) case. Just as we were quick to recognise the risk posed to incumbents from lacklustre IT budgets, so it would be remiss of us not to acknowledge that a rebound in IT spending (and a potential re-rating of stocks) might disproportionately benefit 'cheap' stocks with late cycle tendencies such as IBM and SAP.

Trust Facts

Share Price (p)	373.90
NAV per Share (p)	369.84
Premium (%)	1.10
Total Net Assets (£m)	468
AIC Gross Gearing Ratio (%)*	106.00
AIC Net Gearing Ratio (%)*	97.00
Capital Structure	126,497,914 Ordinary shares of 25p

*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	July 2010
Continuation Vote	2015 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

** Subject to high watermark

Trust Overview

Objective

The investment objective is to maximise 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.

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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Fund Manager Comment (Continued)

The decision to modestly rotate away from our favoured names in favour of less glamorous, well-trod alternatives was made easier by the F5 Networks' shortfall (which highlighted the limited room for error of relatively highly rated names) and our sense that a number of our next-generation names are beginning to reinvest in their businesses in order to support future growth. Whilst this is an appropriate medium-term strategy, the decision to crank up operating expenses will likely dampen near-term earnings growth, just at a point when more prosaic investment alternatives are beginning to enjoy the late-cycle phenomenon of the loosening of purse strings. As such we have continued to reduce our cloud-related exposure (a process begun in late 2010 after some spectacular stock advances) in favour of stocks that may be more appealing to today's incremental buyer of equities.

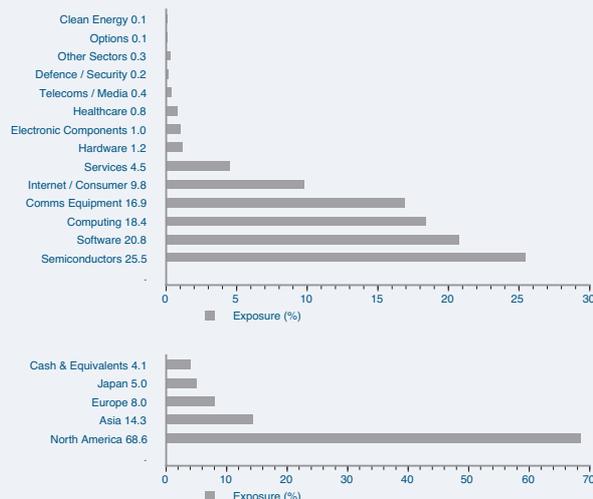
This tempering of our core positioning (which remains structurally overweight small and mid-cap growth at the expense of impaired or soon to be impaired large-caps), should not be confused in any way with a bearish prognosis. Whilst we have retained some liquidity this was with the intent to buy weakness as and when it occurred during earnings season and as such we took advantage of F5 Networks' share price weakness to add to our holding. There is also little doubt in our minds that the new cycle is continuing to gain traction, the Microsoft decision to make Windows 8 run natively on ARM reflecting little more than realpolitik as 'Wintel' has had negligible success to date replicating its domination of the PC market in the large and rapidly growing smartphone and tablet segments. As such we fully expect to unwind our recent rotation once the anticipated PE expansion has substantially played out, or should our preferred cloud-related names work off multiples that appear a little extended.

Ben Rogoff, 9th February 2011

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Sector & Geographic Exposure (%)



Total Number of Holdings 122

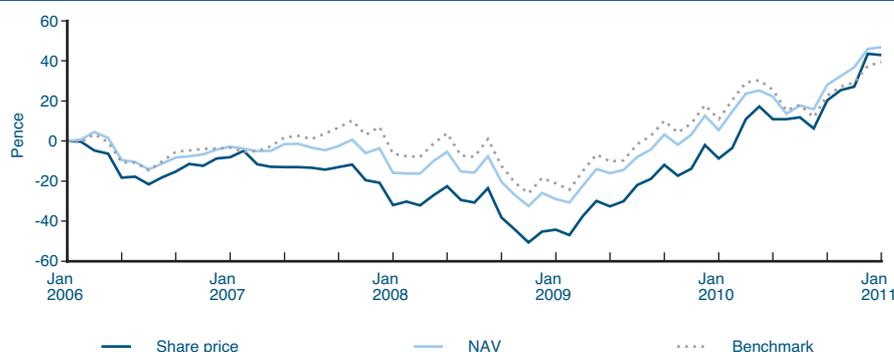
Top Ten Holdings (%)

Company	Exposure (%)
Apple	8.1
Google	4.9
Oracle	4.0
Microsoft	3.7
Samsung Electronics	3.7
International Business Machines	3.0
Qualcomm	2.7
Cisco Systems	2.3
Taiwan Semicon Manufacturing	2.1
EMC Corporation	1.8
Total	36.4

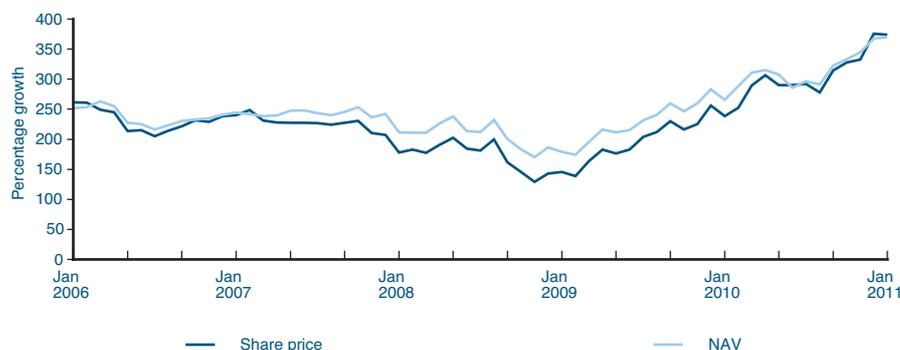
Market Capitalisation Exposure (%)

Market Capitalisation	Exposure (%)
Large (greater than US\$ 10bn)	68.1
Medium (US\$ 1bn to 10bn)	20.5
Small (less than US\$ 1bn)	11.4

Performance Over 5 Years



Share Price & NAV per Share Over 5 Years



Cumulative Performance (%) to 31/01/2011

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	-0.43	13.99	27.83	56.57	42.98
NAV per Share	0.61	11.02	24.71	39.25	46.91
Benchmark	1.36	9.64	18.07	25.66	39.39

Discrete Annual Performance (%)

	31/12/09	31/12/08	31/12/07	29/12/06	30/12/05
	31/12/10	31/12/09	31/12/08	31/12/07	29/12/06
Share Price	46.68	79.02	-30.92	-13.29	-2.35
NAV per Share	29.70	51.92	-23.07	0.69	-1.04
Benchmark	16.66	44.45	-23.74	11.14	-2.70

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

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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.

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

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

Codes

London Stock Exchange	PCT
Reuters	PCT.L
Bloomberg	PCT.LN

Website

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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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 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.

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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.

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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.