

28 November 2008

Fact sheet

Fund Manager Comment

Market Performance

The FTSE World Index fell 1.9% in Sterling terms during November although returns would have been significantly worse had it not been for a sharp month-end rally. Against a deteriorating economic backdrop it was hardly surprising that the United States voted for “change” electing Barack Obama as US president. Unfortunately the pre-election rally and post-election euphoria proved short lived giving way to further equity market weakness. Risk appetite weakened further as the real economy impact of the unfolding credit crisis continued to play out. US unemployment rose to an above consensus 6.5%, whilst Citigroup required a bail-out and both Ford and General Motors went cap-in-hand to the US government.

These negative developments were ameliorated by decisive action from central banks / governments, the BOE and the ECB cutting interest rates by 1.5% and 0.5% respectively. On the fiscal side, the Chinese announced a substantial stimulus package whilst in the US, the Treasury announced that the remaining TARP (Troubled Asset Relief Programme) funds would be used to inject capital directly into bank balance sheets. These developments helped the month end on a stronger note as did reassuring commentary from President-Elect Obama and significant tightening of mortgage-backed spreads.

Technology Performance

Technology stocks significantly underperformed the broader market during the month as it became clear that order momentum was significantly deteriorating amid the global slowdown. The Dow Jones World Technology index fell 7.1% in Sterling terms with the US and Taiwan amongst the worst performing regions. The weakest sub-sectors were those with significant exposure to consumer and discretionary corporate spending.

With the month barely underway, industry bellwether Cisco sharply reduced its guidance for the coming quarter, the ailing US electronics retailer, Circuit City was forced into administration and Best Buy (the largest US electronics retailer) profit-warned, management citing “seismic shifts in consumer behaviour” and “the most difficult trading environment in the company’s history”. Intel added to the gloom by significantly lowering its Q4 expectations only a month after it provided its initial guidance. Unsurprisingly a slew of profit warnings followed, resulting in earnings estimates for Q4 and 2009 being revised sharply lower.

Outlook

The real-economy weakened substantially in November as evidenced by sharply lower long-term interest rates. However, markets rebounded convincingly from lows, which likely reflects how cheap and oversold equities had become. Although it is too early to say whether or not policy response is ‘working’ (credit market improvement is piecemeal thus far), there is little doubt that authorities are targeting deflation with all the firepower they can muster. Although falling long-term interest rates does not auger well for nominal growth (i.e. the slope of the recovery), lower mortgage rates should result in a massive fiscal stimulus as consumers refinance their existing loans. Another stabiliser that is also having a positive impact is lower energy prices, oil falling a further 20% (in US Dollar terms) during the month. These impulses, together with an Obama tax cut early in 2009, should help US consumers rebuild their balance sheets without the sharp contraction in spending usually associated with higher savings rates.

As to our view on markets, we categorically do not believe that this is a modern day remake of the Great Depression. As such we regard current equity valuations as compelling although we acknowledge that challenging news-flow may result in an elongated bottoming process. Whilst technology stocks have historically underperformed as the economy enters a recession, they have usually been amongst the strongest performers during the recovery phase. Markets are (ordinarily) forward looking and stocks should begin to rally well ahead of the earnings trough. Our sector entered this downturn with attractive valuations, strong balance sheets and little evidence of excess capex or inventory. Today it is as cheap relative to the market as it was in the early 1990’s on both price/earnings and price/sales metrics (and neither metric takes into account better than average balance sheets).

We are now fully invested and will look to become net geared should credit conditions improve materially. Whilst we acknowledge that the slope of recovery may prove disappointing, we believe this is something to worry about late next year and not today. The current ‘flight to quality’ has left three-month Treasury yields at near zero which is perhaps the best indication of how pervasive fear has become. We see massive value in small and mid-cap stocks that have been pole-axed by forced selling and are hopeful that as these pressures abate stocks will respond accordingly.

Ben Rogoff, 8th December 2008

Trust Facts

Share Price (p)	129.00
NAV per Share (p)	169.97
Discount (%)	-24.11
Total Investments (£m)	217
Borrowing (£m)	-27
Gearing (%)*	88.79
Capital Structure	129,410,914 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 2009
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.

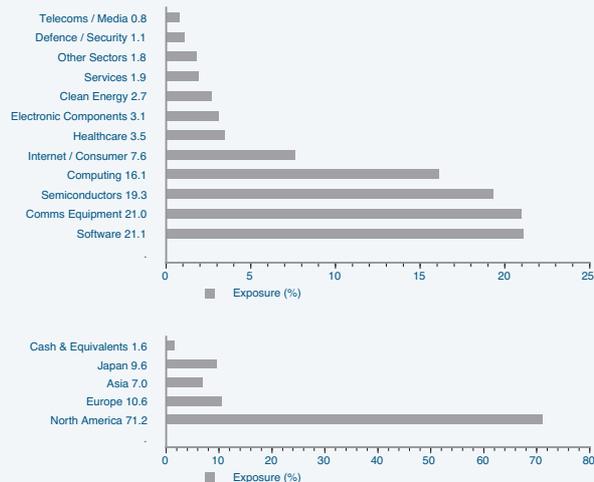
Approach

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.

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Sector & Geographic Exposure (%)



Total Number of Holdings 112

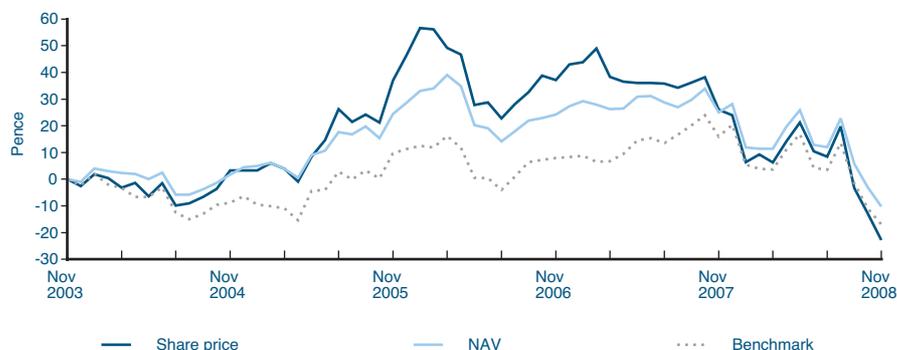
Top Ten Holdings (%)

Apple	5.0
Microsoft	4.9
Cisco Systems	4.4
Google	4.3
Intel	4.1
Oracle	4.1
Qualcomm	3.9
Hewlett-Packard	3.7
International Business Machines	2.8
Nokia	2.6
Total	40.0

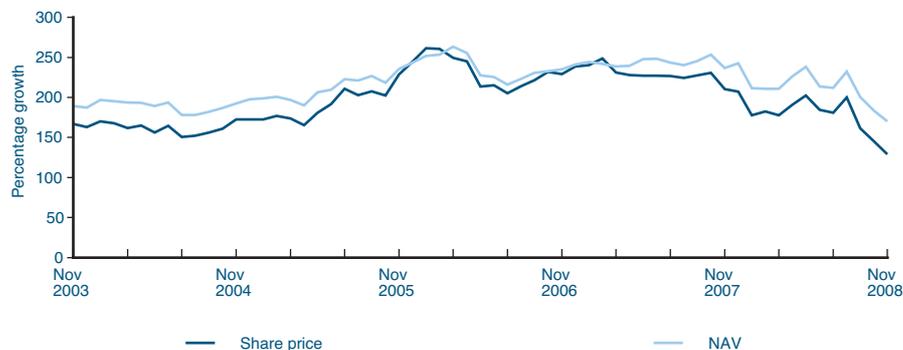
Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	61.0
Medium (US\$ 1bn to 10bn)	28.0
Small (less than US\$ 1bn)	11.0

Performance Over 5 Years



Share Price & NAV per Share Over 5 Years



Cumulative Performance (%) to 28/11/2008

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	-11.34	-35.50	-36.30	-38.72	-22.75
NAV per Share	-7.36	-26.87	-28.64	-28.15	-10.18**
Benchmark	-6.77	-26.86	-28.97	-28.39	-16.98

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.

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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



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:

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.

Fatima Iu - 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.

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.

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

All data as at 28 November 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