PRESS RELEASE

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It's time to revisit tech stocks

- Technology companies offer genuine growth in a low growth world

While it is understandable that the technology sector has been overlooked by 'once bitten, twice shy' investors in the decade following the bursting of the tech bubble, it is now time to revisit the sector according to the speakers at a recent seminar hosted by Cazenove.

Technology stocks have risen by 19.1% this year, making them the best performing S&P sector of 2009 to date[1]. This success is expected to continue. The global outlook is for sub-trend growth and technology companies tend to do well in this scenario, and have traditionally done well in the aftermath of recessions.

Ben Rogoff, Polar Capital Technology Trust, comments: "The technology sector had limited participation in the last cycle for very good reasons. The excesses of the bubble needed to be worked off, however, the sector has been overlooked for too long. Now is the time for investors to re-evaluate technology companies – businesses which look set to deliver secular growth against a backdrop of below trend GDP."

The technology sector now represents 9%[2] of global equities (but only 1.4%[2] of the UK market), and includes household names such as Microsoft, Google and Apple. Technology companies also hold more in cash than any other sector[3]; 8% net cash as compared to an average of -16% for the S&P 500[3].

While the technology sector is not immune to macro forces, there are a number of drivers that are key to the tech growth story.

Walter Price, RCM Technology Trust, explains: "The internet revolution is still in its early stages. Internet retailing currently only represents 3.5%[4] of the technology sector and we believe will continue to grow. We are tapping into this important theme through stocks such as Amazon, which is seeing payoff for its brand development and efforts to offer value to shoppers. The internet, and in particular mobile devices, will be a huge deal in China where information is so tightly controlled. In a country where there is no Yellow Pages the idea that you can have a device in your hand through which you can access everything the world wide web has to offer, and it's therefore very appealing. We hold Baidu.com, the Chinese leader in search engines."

Ben Rogoff believes that 'distributed' or 'cloud computing[5]' will be the kernel of the new cycle. "Distributed computing turns computing into an outsourced service and disrupts the status quo. Some incumbents will struggle. The internet as a delivery mechanism – allowing access anywhere, anytime to anything – levels the playing field and will end the licence model. Why buy when you can rent?"

Katie Potts, Herald Investment Trust, adds: "Technology is a global sector which investors ignore at their peril. Technology companies have the ability to be disruptive; they can open new markets or displace incumbents. Herald has a bias towards entrepreneurial management and makes early stage investments. We therefore have a large number of holdings to spread stock-specific risk and provide a diversified exposure to high risk/reward early stage companies."

Walter Price comments: "Even before the recession, businesses have been in cost cutting mode within their IT departments. This means that technology companies that focus on efficiency gains (for example data centre and application consolidation) are poised for growth. One example of a company benefiting from the trend towards software-as-a-service, is Salesforce.com. Similarly, outsourcing companies such as Capita will benefit as companies demand cost cutting."

Walter Price continues: “We favour mid cap, growth oriented companies which we believe have a better chance of achieving accelerating growth amid the modest consumer and corporate spending recovery that we expect. Additionally, with the top six technology companies holding $100 billion[4] in cash alone, some of these mid cap companies could be bought out/taken over. In fact many technology companies are cash rich and with an industry trend towards technological consolidation, this ripens the environment for acquisition. Already Hewlett Packard has bought EDS, Oracle purchased Sun Microsystems, and Dell has recruited an M&A chief from IBM; we expect more is to come.”

Christopher Brown, Head of Investment Company Research at Cazenove, concludes: “Technology is an important global market, but one in which it makes sense to subcontract to specialists, especially as there is limited technology expertise in the London market and limited open-ended alternatives. The closed-end structure of investment trusts allow the managers to take a long-term view. All three of the UK’s listed technology trusts have beaten the Dow Jones World Technology Index over the longer term[6].”

- Ends -

For more information

Emma Taylor, Press Office, RCM, Phone 020 7065 1526
Amy Butler, Lansons Communications, Phone 020 7566 9709
Christopher Brown, Head of Investment Companies Research, Cazenove, Phone 020 7155 8145
Katie Potts, Herald Investment Trust, Phone, 020 7553 6301
Ben Rogoff, Polar Capital Technology Trust, Phone, 020 7227 2700

Notes to editors

1 – Source: Wilshire/Atlas, S&P index weekly, 31/12/08 to 29/07//09, UK sterling.

2 – Source: Cazenove/ Bloomberg, as at July/09.

3 – Source: RCM/ Strategas & Cazenove/ Factset, as at July/09. S&P Tech = average of 8% net cash; S&P 500 = average of -16% net debt.

4 – Source: RCM as at July/09.

5 - ‘Cloud computing’ or ‘distributed computing’ is where resources – the server and underlying software - are provided as a service over the internet so that customers do not generally own the physical infrastructure, rather they rent it from a third party; consuming resources as a service and paying only for the resources they use.

6 – Source: Cazenove/ Datastream, 11 years ending 02/07/09, total return, UK sterling. There are three listed technology trusts in the UK: RCM Technology Investment Trust (LSE:RTT), Polar Capital Technology Trust (LSE:PTT) and Herald Investment Trust (LSE:HRI).

About RCM **(source: RCM as at 30/09/08; latest available)**

RCM is a global asset manager operating from six international offices - San Francisco, London, Frankfurt, Hong Kong, Tokyo and Sydney - with assets under management of over €75 billion/$105 billion worldwide. The firm provides a range of investment management solutions to institutions and individual clients. At RCM we believe that by generating and exploiting an information advantage, we will be able to deliver superior and consistent investment results for the benefit of our clients - a philosophy we call RCM informed. RCM is a company of Allianz Global Investors, a pre-eminent global asset management group committed to helping clients achieve sustainable success. As a company of Allianz Global Investors, RCM offers a distinctive investment philosophy and culture, while benefiting from the scale and substantial resources of our parent; including business support, industry best-practices and financial investment. This enhances our ability to attract and retain talent, and provide superior insight and investment performance.