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"RCM Technology Trust finds value in selected technology stocks"

- **Consumer technology stocks proving resilient**
- **Demand for IT services being supported by Chinese demand**
- **Trust returned 5.74%¹ since appointment of new manager one year ago**
- **Short-term outlook is positive, we believe, with stronger returns expected in the second half of the year**

Despite volatile market conditions and fears of a US recession Walter Price, Manager of the RCM Technology Trust, is finding plenty of opportunities in the technology sector.

In January RCM increased the cash weighting on the RCM Technology Trust to 30 per cent, but in late March the liquidity was reduced to below 10%². Growth in IT spending by Chinese banks and smart phones are two sectors showing strong growth despite the market slow-down.

The rise in demand for consumer orientated products has meant that China has become one of the primary drivers of the major global technology players. Commenting on the recent changes to the portfolio, and in the run up to the one year anniversary managing the Trust, **Walter Price said:** "We are particularly enthusiastic about the growth in 'smart phones'. For example, there are 350 million phone users in China and we are starting to see people use smart phones in China. The wealthy and young middle class people spend a lot of time messaging on their phones, sending photos on their phones and so the Chinese consumer will have more of an influence on the growth of usage of this sort of technology. Another example is that usage of the Apple iPhone for web access on the AT&T network in the US is 10 times previous phones."

Whilst Price remains optimistic about the short term prospects for the technology sector, he advises that investors should be prepared to see moderate economic growth overall. **Price continues:** "I believe that moderate growth is a time when technology companies generally do quite well because their products often go down in price every year and when people are looking for value and productivity they often tend to buy technology products.

Price is currently invested in advertising and internet-related Chinese stocks, which are currently selling at a tenth of the valuations of US or European companies. **Price says:** "These markets will develop and at present they are growing around 40 to 50 per cent a year which makes us believe that these companies will be much more valuable than they are today."

Compared with other investment trusts, the rating on the Trust's shares has remained strong, particularly if the value of the subscription shares is taken into account. Currently a 'package' of one subscription share and five ordinary shares is worth 226.50p compared with the diluted net asset value of five Ordinary Shares of 246.45p, representing a modest discount of 8.1%³.

• **Investment remit**

In May 2007 the portfolio was rebalanced to reflect RCM's views of markets, trends and opportunities. This resulted in a significantly higher weighting towards larger capitalisation securities and a reduced allocation to the UK and Europe.

The overall investment objective of the Company is to invest principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth.

- Ends -

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- 1- Source: RCM/ Datastream, 30 April 2007 to 30 April 2008, GB sterling. The Dow Jones World Technology Index has returned 1.51% over the same period.
- 2- Source: RCM as at 31 March 2008.
- 3- Source: RCM as at 30 April 2008.

This investment trust charges 75% of its annual management fee to the capital account. This could lead to a higher level of income and a lower capital return, or future growth may be constrained. Changes in rates of exchange may cause the value of investments and the income from them to fluctuate.

Competition among technology companies may result in aggressive pricing of their products and services, which may affect the profitability of the companies in which the Trust invests. In addition, because of the rapid pace of technological development, products or services developed by these companies may become rapidly obsolete or have relatively short product cycles. This may have the effect of making the Trust's returns more volatile than the returns of a fund that does not invest in similarly related companies.

The information contained herein including any expression of opinion is for information purposes only and is given on the understanding that it is not a recommendation and anyone who acts on it, or changes their opinion thereon, does so entirely at their own risk. The opinions expressed are based on information which we believe to be accurate and reliable, however, these opinions may change without notice. Past performance is not a reliable indicator of future performance. You should not make any assumptions on the future on the basis of performance information. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Dresdner Kleinwort makes markets in the Allianz Global Investors range of

investment trusts. An investment trust's shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

About RCM (all data source RCM/ Allianz Global Investors as at 31.12.07 unless otherwise stated)

RCM is the equity company, organised on a global basis, within Allianz Global Investors. RCM's mission is to consistently deliver superior investment results and foster value-added consultative client relationships. With offices strategically located in the US, Europe and Asia, investment opportunities are identified by RCM's global research platform of sector-based career analysts. This investment philosophy was founded in the 1970s and continues to be the cornerstone of RCM's process. As a complement to fundamental research, RCM employs its proprietary network of Grassroots analysts who apply innovative market research techniques to identify stock- and sector-specific trends.

Allianz Global Investors, a subsidiary of Allianz SE, is a management holding company for a network of investment specialists in the most important institutional and retail markets around the world. Through PIMCO, RCM, Oppenheimer Capital, NFJ, Nicholas-Applegate and several other specialist firms Allianz Global Investors offers its clients a broad variety of investment competencies, covering all equity and fixed income investment styles as well as balanced products and alternative investments. With globally £740 billion assets under management, Allianz Global Investors ranks amongst the top investment management companies worldwide. Through its network of more than 4,600 employees around the globe, including 920 investment professionals, Allianz Global Investors is able to leverage local expertise and market knowledge to its clients all over the world.

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