

*“Significant changes are afoot in the technology market and, after a difficult and disappointing period for the sector it is, in our view, on the cusp of a period of sustained outperformance. What is also clear is that an index-hugging approach is unlikely to be the best way to obtain an exposure to this global sector - tomorrow’s winners are still relatively small while tomorrow’s losers are - in some cases - still quite large.”* **Cazenove Investment Companies Research**

As the recession continues, could the technology sector be one of the first to emerge from the downturn? The NASDAQ index is the up 1.59% year to date (GBP, as at 30/6/09) which compares with a -5.06% fall in the FTSE World TR Index and a number of positive signs can be observed:

- Technology offers the prospect of superior growth from historically low valuation levels;
- There are substantial cash balances in the sector, providing balance sheet resilience in a tough trading environment;
- The availability of cash provides scope for increased merger and acquisition activity;
- Many companies in the sector took early steps to contain costs and this has helped preserve margins and sustain profitability despite the downturn;
- Many technology companies provide solutions to mainstream businesses to help cut costs and they are seeing relatively strong trading compared to the market overall.

In technology, the rewards filter through to the few and so at RCM, we believe that your exposure to the technology sector should be managed by an experienced team who are based at the heart of the tech world; a team who can identify macro trends but also have a true understanding of the local influences, such as business financing, that can have a disproportionate impact on a company’s fortune. We believe the RCM Technology Trust plc can provide access to such experience and knowledge:

## **1 Experience – over 75 years collective experience**

The award-winning RCM Global Technology Team is one of the leading technology portfolio management teams in the United States and offers a wealth of experience. San Francisco based, it is co-headed by Walter Price and Huachen Chen who have worked together for 20 years.

Walter Price, managing director and senior analyst, has been managing the RCM Technology Trust plc since the appointment of RCM in April 2007. He has over 35 years experience in analysing technology companies, witnessing several tech booms in his career, from the birth of the PC to the

arrival of the internet and observing how only a few companies emerge as the long-term success stories from each downturn. It is this invaluable experience that sets the RCM Technology Trust apart.

The RCM Technology Team also includes two experienced portfolio analysts Danny Su and Daryl Kost, each bringing over 10 years experience to the team.

### **RCM Technology Team’s success is driven by:**

- Identifying major growth trends within technology, especially ‘disruptive’ innovations which challenge market leaders.
- Identifying and investing in the profitable market leaders in these emerging technology growth segments.
- Building an intimate knowledge of portfolio companies.
- Applying risk control through diversification across trends, product cycles and global exposure. Risk management has always been a priority in our investment process.
- Grassroots® research – an essential tool when investing in tech stocks.
- Industry diversification – as there is often unpredictable sub-sector rotation.

### **RCM Technology Trust plc – benefits at a glance**

- Seasoned portfolio management - over 75 years collective experience.
- The team were awarded best Global Science/Technology Fund for the Allianz RCM Technology Fund (institutional) over 10 years in the Lipper Fund Awards 2009.
- San Francisco-based team – located within 2 hours of the industry’s key players.
- 56 strong global research platform and unique Grassroots® research resource.
- Broad definition of technology and global investment universe.



## 2 Location, location

When the majority of the key industry players, such as Hewlett Packard, Cisco Systems, Intel and Apple are located in Silicon Valley and emerging players cluster around the market leaders and local venture capitalists because it's 'the place to be', then surely the managers of your tech exposure should be there too. We believe we have an information advantage with the RCM Technology Team's location, as there is no substitute for first-hand knowledge. Silicon Valley continues to be the world's leading high-tech centre with a unique mix of academics, engineers and venture capitalists that are able to fund the technology sector's next generation of leaders.

*“US location and unique Grassroots® has, in our view, contributed to very good performance.”*

**Cazenove, Investment Companies Research, July 2009**

## 3 Resources - innovative dual research platform

The Technology Team is supported by RCM's fifty-six global sector analysts, ten of whom focus purely on technology companies and are based in the US, Europe and Asia.

Research is at the cornerstone of RCM's investment activities which has been organised along sector lines since the 1970s. This strong emphasis on proprietary fundamental research is complemented by RCM's unique Grassroots® research which involves a network of independent researchers. Grassroots® researchers are dedicated to uncovering and investigating marketplace trends and go beyond traditional research by directly contacting companies' clients and customers. Every stock held in the Technology Trust's portfolio undergoes Grassroots® analysis to provide a "reality check" for the team.

### Grassroots® research – key facts

- Over 300 independent researchers worldwide.
- 12-person in-house staff.
- Over 50,000 current industry contacts around the globe.
- 40-50 company and industry-specific studies per month.

### Risks & features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including demand, or lack of, which means that the shares may trade below (at a discount to) or above (at a premium to) the underlying net asset value.

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.

Investment trusts can enhance returns through gearing. This can boost a Trust's returns when investments perform well, though losses can be magnified when investments lose value. This Trust does not currently employ gearing.

## Sector outlook and portfolio themes



**Walter Price**  
Managing Director and  
Senior Analyst  
RCM

- Riverbed Technology, ON Semiconductor, and First Solar are notable performers in recent months: Riverbed Technology produced a particularly impressive performance based on the company's Steelhead WAN optimisation products, which consolidate servers into data centres more effectively, and enable the 'virtualisation' of services and applications to reduce costs. First Solar, the leading low cost provider of solar energy modules maintained healthy gross margins and although the company is under competitive pressure amid falling silicon prices it should benefit from new federal laws that would require US utility companies to supply approximately 15% of their electricity from renewable sources by 2020.
- We have recently increased the Trust's exposure to mid-cap, growth oriented companies which we believe have a better chance of growing earnings in the modest consumer and corporate spending recovery that we expect.
- We believe that a weaker dollar against most major currencies can provide a helpful tailwind for many of our holdings, by improving the competitiveness of their products globally. We do not expect a material recovery in the United States and North America before the fourth quarter of 2009. However, for companies that have controlled their costs, we believe that there is the possibility of a significant upturn in profits with only moderate increases in revenues in 2010. We will continue to focus on companies that offer the business sector opportunities for efficiency gains and we see further potential in smart phones and the roll out of 3G technology in Asia.

### RCM – the information advantage

RCM is one of the specialist global equity platforms within Allianz Global Investors. RCM and its predecessors have been managing investment trusts since 1889, providing investors with access to:

- A truly global structure. Over 250 investment professionals located in seven offices around the world.
- An innovative dual research platform – the cornerstone of our investment process.
- A boutique culture.

## Trust aim

The Trust's objective is to achieve long-term capital growth by investing principally in the equity securities of quoted technology companies on a worldwide basis.

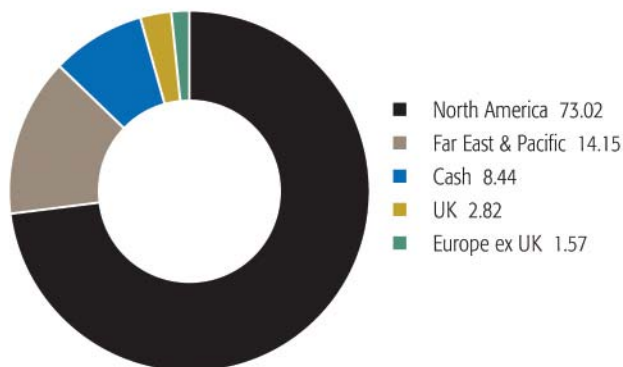
## History

The Trust was launched in December 1995 as a way for investors to gain exposure to quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. The Board appointed RCM to manage the trust's assets from April 2007. The decision was based on the performance of RCM's US-based technology team, their experience and RCM's depth of expertise in the management of investment trusts.

## Key information as at 30 June 2009

<b>Total Assets:</b>	£52.0m
<b>AIC Sector:</b>	Specialist Sector: Technology, Media & Telecoms
<b>Benchmark:</b>	Dow Jones World Technology Index (Sterling Adjusted)
<b>Year end:</b>	November
<b>Report &amp; Accounts:</b>	Final posted in March, Interim posted in July
<b>AGM:</b>	April
<b>Board of Directors:</b>	David Quysner CBE (Chairman), John Cornish FCA, Paul Gaunt, Richard Holway, Dr Chris Martin
<b>Investor Services:</b>	020 7065 1407
<b>Website:</b>	www.rcmtechnologytrust.co.uk

## Geographic breakdown as at 30 June 2009

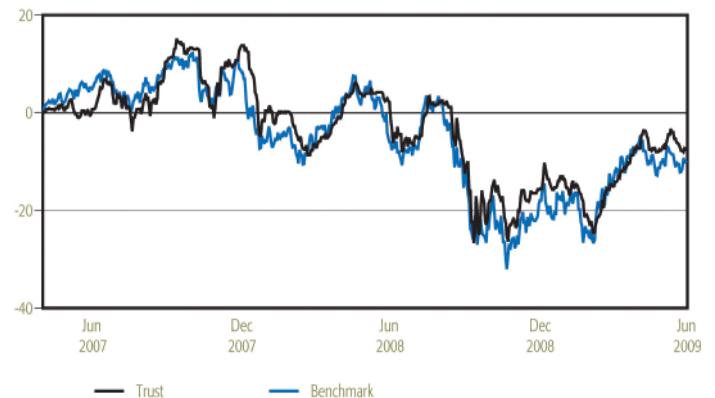


## Top 10 holdings as at 30 June 2009

Name	%
Hewlett Packard	4.3
Google	3.8
Qualcomm	3.7
Riverbed Technology	3.7
Cisco	3.5
Salesforce.com	3.3
China Telecom	3.1
Data Domain	2.9
Amazon	2.6
Suntech Power	2.5
<b>Total</b>	<b>33.4</b>

## Performance

### Trust performance since 1 May 2007 (%)



### Standardised Past Performance (%)

From	30.06.04	30.06.05	30.06.06	29.06.07	30.06.08
To	30.06.05	30.06.06	29.06.07	30.06.08	30.06.09
<b>Share Price</b>	11.05	1.70	8.11	1.55	-9.57

Source: Lipper, percentage growth, mid to mid, capital return, to 30.06.09  
Benchmark: Dow Jones World Technology Index (Sterling Adjusted).

Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers.

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 fluctuations and you may not

get back the amount originally invested.

RCM were appointed managers of this Trust on 30th April 2007.

**Trust Codes:**

RIC:	RTT
SEDOL:	0339072
ISIN:	GB0003390720

You can find more information on the RCM Technology Trust plc on our dedicated website,

[www.rcmtechnologytrust.co.uk](http://www.rcmtechnologytrust.co.uk), including the latest NAVs and video interviews with Walter Price.

**Alternatively, for further information on the RCM Technology Trust plc, please contact Investor Services on 020 7065 1407.**

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