

**Investment Rationale**

From entertainment to manufacturing and from education to energy, technology has the ability to change lives on a global scale. The RCM Technology Trust connects investors to this fast-moving world. The Trust is managed by Walter Price, Managing Director and co-head of the award-winning RCM global technology team. Based in San Francisco, the team has specialist research resources which enhance its expertise in this sector. Walter Price has been analysing technology stocks for more than 35 years.

**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 with the aim of achieving long-term capital growth.

**History**

The Trust was formed in December 1995 and re-launched by RCM in 2007 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 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.

**Fund Manager's Review**

Walter Price



The Trust's NAV declined 4.33% for the month, underperforming its benchmark, Dow Jones World Technology Index which lost 0.11% during the period. Stock selection was negative for the month.

The weakness in our portfolio resulted from two major factors. First, software was the worst sector, and enterprise software was particularly hit after Oracle announced an earnings shortfall and weaker orders as a result of the economic uncertainty. We had an underweight position in Oracle, so this helped the active return, but we were overweight in other software stocks such as Tibco, Qlik, and Salesforce.com, and they were all hit as a result of the Oracle news. Second, our holdings in Chinese internet stocks were quite weak, as concerns rose about a "hard" landing in China. This impacted Sina and Baidu in particular.

We continue to expect solid growth in the technology space in 2012, but our hope that the period of negative announcements was complete seems premature, as evidenced by Oracle's comments. Europe appears to be entering a recession and the better news from the US economy does not seem to be filtering into IT budgets here. Thus, the uncertain fundamental news may cause company forecasts to be set conservatively and may lead to some pressure on stocks. As the year progresses, we expect these lower forecasts can be exceeded, and as monetary stimulus continues, world economies may begin to grow faster. This would lead to a rebound in stocks later in the year. Of course, this assumes that the European Union and US are able to resolve their deficit issues.

**Performance (%)**



**Cumulative Performance (%)**

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-8.05	-13.16	-9.31	56.32	41.77
NAV	2.61	-11.88	-7.97	63.74	48.13
Benchmark	6.67	-2.90	-5.72	55.11	28.61

**Standardised Past Performance (%)**

From	29.12.06	31.12.07	31.12.08	31.12.09	31.12.10
To	31.12.07	31.12.08	31.12.09	31.12.10	30.12.11
Share Price	22.20	-25.78	41.58	21.75	-9.31
NAV	17.59	-23.07	39.51	27.53	-7.97
Benchmark	9.41	-24.21	42.60	15.37	-5.72

Source: Lipper, share price calculation percentage growth, mid to mid, capital return to 30.12.11.

Benchmark: Dow Jones World Technology Index (Sterling Adjusted).

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 was appointed manager of this Trust on 30th April 2007.

**Capital Structure**

Total Assets:	£78.6m
Shares in Issue:	22,762,620 (Ordinary 25p) 4,590,415 (Subscription 1p)
Ordinary Share Price <sup>1</sup> :	321.5p
Subscription Share Price <sup>1,2</sup> :	51.5p
Net Asset Value (Ordinary) <sup>3</sup> :	345.5p
Premium/-Discount to NAV <sup>3</sup> :	-6.9%
NAV Frequency	Daily

1. Source: Lipper as at 30.12.11, market close mid price.

2. Please refer to Subscription Shares section on page 2

3. A trust's net asset value (NAV) is calculated as available shareholders' funds divided by the number of shares in issue, with shareholders' funds taken to be the net value of all the company's assets after deducting liabilities. An undiluted, cumulative NAV is shown.

## Key Information

Launch Date:	December 1995
Continuation Vote:	2016
AIC Sector:	Specialist Sector: Technology, Media & Telecoms
Benchmark:	Dow Jones World Technology Index (Sterling Adjusted)
Annual Management Charge:	1.00%
Performance Fee: <sup>2</sup>	Yes
Total Expense Ratio: <sup>1</sup>	1.20%
Year end:	30 November
Annual Financial Report:	Final posted in March, Half-yearly posted in July
AGM:	April
Price Information:	Financial Times, The Daily Telegraph, <a href="http://www.rcm.com/investmenttrusts">www.rcm.com/investmenttrusts</a>
Board of Directors:	David Quysner CBE (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway, Dr Chris Martin
Company Secretary	Kirsten Salt
Investment Manager	Walter Price, Managing Director
Codes:	RIC: RTT SEDOL: 0339072 ISIN: GB0003390720

1. Source: Annual Financial Report

2. Calculated as 20% of the outperformance of the NAV compared to the indexed NAV over the performance period.

## Subscription Shares

Following the approval of special resolutions at an extraordinary general meeting in August 2007, 4,770,568 RCM Technology Trust Subscription Shares have been listed. Qualifying shareholders received one Subscription Share for every five Ordinary Shares held by them on 17.08.07. These are qualifying investments for stocks and shares ISAs. Each Subscription Share is capable of conversion, on notification to the Company in the thirty days preceding the annual general meeting in any of the years 2008 to 2012 (inclusive), into one Ordinary Share on the date of the relevant annual general meeting. The Conversion Price of the Subscription Shares is 267p, which represents a 10% premium to the Net Asset Value per Share (calculated on an undiluted basis and in accordance with the basis set out in the prospectus dated 18.07.07) as at the close of business on 14.08.07.

## Risks & Features

Investment trusts are quoted companies listed on the London Stock Exchange. Their share prices are determined by factors including the balance of supply and demand in the market, 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. Derivatives are used to manage the Trust efficiently.

## Portfolio Analysis

Top Ten Holdings	(%)	(%)	
Apple	6.6	Baidu	3.5
Quanta Services	5.3	Salesforce.com	3.3
Google	4.1	Qlik Technologies	2.9
Tesla Motors	4.0	Adtran	2.9
Samsung Electronic	3.6	Rackspace Hosting	2.8
Total Number of Holdings			50

Sector Breakdown	(%)
Technology	69.58
Consumer Goods	8.66
Cash	6.84
Industrials	6.82
Consumer Services	3.21
Financials	2.48
Telecommunications	1.27
Utilities	0.71
Health Care	0.43

Geographic Breakdown	(%)
North America	77.88
Far East & Pacific	12.18
Cash	6.84
Europe ex UK	2.01
UK	1.09

## HOW TO INVEST?

The Trust is a UK public limited company traded openly on the stock market. You can purchase shares through a stock broker. Shares in the Trust can be held within an ISA and/or savings scheme and a number of providers offer this facility. A list of suppliers is available on our website or from the AIC at [www.theaic.co.uk](http://www.theaic.co.uk)

## CONTACT US

To download the Annual Financial Report, Trust brochure or watch an interview with the fund manager, please visit us online at [www.rcm.com/investmenttrusts](http://www.rcm.com/investmenttrusts)



If you have any queries regarding our investment trusts our Investor Services team can be contacted on:

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All data source RCM (UK) Limited as at 30.12.11 unless otherwise stated.

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