

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.

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



Portfolio Highlights

RCM Technology Trust's NAV increased 5.31% in August and outperformed the Dow Jones World Technology Index (£), which was up 2.90% during the period. Stock selection was the main reason for the outperformance, as our selection outperformed the benchmark in five of the six major IT categories. Several of our midcap positions performed well during the month including Fusion-io and SINA Corp. Being underweight Intel also helped, as the stock was hit by concerns about weak PC demand. Large cap stocks like Salesforce.com and Apple also had a good month, but we were underweight Apple as it represents 18% of the benchmark. On the negative side, the major hit was from Samsung, where concerns about competition from Apple in smart phones and weakness in memory semiconductor orders hurt the stock.

Market Outlook

From the wide-spread pessimism that prevailed in the second quarter reports, the market rebounded as the news was not as negative as anticipated. Several of the weak companies are in the PC market, which seems to be suffering from customer deferrals and substitution by inexpensive tablet computers. The market reacted positively to the news that the European Central Bank will buy high-yield government debt from several of the countries under financial distress, such as Spain, if they agree to cut their budget deficits. The U.S. economy is still growing as lower rates have helped the real estate market begin to recover, and China is beginning to stimulate its economy again. As we look towards 2013, we believe many companies can improve their earnings growth if the world economy stabilises.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	7.4	-3.0	-0.2	45.6	39.3
NAV	4.6	-5.4	2.4	47.4	44.7
Benchmark	3.7	-0.3	20.1	44.1	42.4

Discrete Performance (%)

From	29.06.07	30.06.08	30.06.09	30.06.10	30.06.11
To	30.06.08	30.06.09	30.06.10	30.06.11	29.06.12
Share Price	1.6	-9.6	35.1	21.7	-12.4
NAV	-6.3	-1.4	32.7	30.8	-10.9
Benchmark	-9.6	-2.6	27.6	16.6	6.4

Source: Lipper, share price calculation percentage growth, mid to mid, total return to 31.08.12.

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:	£97.1m
Shares in Issue:	26,878,922 (Ordinary 25p)
Ordinary Share Price ¹ :	321.0p
Net Asset Value (Ordinary) ³ :	361.3p
Premium/-Discount to NAV ² :	-11.1%
NAV Frequency	Daily

1. Source: Lipper as at 31.08.12, market close mid price.

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: ²	Yes
Total Expense Ratio: ¹	1.40%
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, www.rcm.com/investmenttrusts
Board of Directors:	David Quysner CBE (Chairman), John Cornish FCA (Chairman of the Audit Committee and Senior Independent Director), Paul Gaunt, Richard Holway MBE, Dr Chris Martin
Company Secretary	Peter Ingram
Investment Manager	Walter Price
Codes:	RIC: RTT SEDOL: 0339072 ISIN: GB0003390720

1. Source: Annual Financial Report as at 30 November 2011

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

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	8.8	Quanta Services	3.1
Microsoft	5.2	Fusion-io	3.0
Google	3.9	Cisco Systems	2.9
Amazon	3.8	Salesforce.com	2.8
Rackspace Hosting	3.3	Netsuite	2.8
Total Number of Holdings			65

Sector Breakdown	(%)
Technology	69.7
Consumer Services	10.6
Industrials	9.7
Cash	4.7
Consumer Goods	3.0
Financials	1.6
Telecommunications	0.5
Health Care	0.2

Geographic Breakdown	(%)
North America	86.4
Far East & Pacific	6.1
Cash	4.7
UK	1.5
Europe ex UK	1.3

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

CONTACT US

To download financial reports, Trust brochure or watch an interview with the fund manager, please visit us online at 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 31.08.12 unless otherwise stated.

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