

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 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.

Fund Manager's Review

Walter Price



RCM Technology Trust NAV was down 4.63% for the month, underperforming its benchmark, which declined 0.19% during the period. There was a continuation of the change in the character of the market which hurt our performance earlier in the quarter. In particular, investors were increasingly concerned about the impact of the deficit cuts on the US economy and about the European country deficit crisis, so they retreated to many of the large benchmark names. We had raised cash in the portfolio and also bought stocks with good earnings growth in 2012, and stocks like Apple and Amazon added slightly to performance. Some of the midcap companies also helped performance, such as Intuit and Tibco. However, these positive trends were offset by weakness in most of our midcap holdings such as Netflix Inc. and Salesforce.com. We also had our Asian and Chinese stocks, such as Baidu, Catcher, Netease, and Sina decline significantly and detract from performance. The concern on these companies was for a weakening Chinese economy and some negative comments about their corporate structure. We visited China during this month and found ecommerce growth there exceptionally strong.

There are also fundamental issues as virtualization of both servers and storage should lead to very low or negative hardware growth in 2012-13. PC refresh continues to be postponed at companies, and the consumer is doing the same. A large part of services demand is challenged by the software as a service model, both internally and externally implemented, so stock picking is still important in this environment.

We do however remain optimistic as valuations are very low for many of the companies, yields are decent and growing, and business is tighter at the margin but not bad. The environment is nothing like 2008-9, when liquidity was a major issue, though many stocks are trading at those levels today.

We continue to look for companies that can do well in this period of mediocre growth or a mild recession. Some of our themes include: inexpensive smart phones outside of the US, wireless services including games and social networks, a new category of software for customer interaction, software-as-a-service, e-commerce, a new energy infrastructure, the growing use of information technology in health care, and more efficient transportation, including electric cars.

Performance (%)



Cumulative Performance (%)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	-14.12	-17.22	-0.51	55.16	48.29
NAV	-5.56	-7.58	7.49	63.96	54.18
Benchmark	-8.97	-11.53	-1.07	36.01	22.55

Standardised Past Performance (%)

From	29.09.06	28.09.07	30.09.08	30.09.09	30.09.10
To	28.09.07	30.09.08	30.09.09	30.09.10	30.09.11
Share Price	16.13	-17.70	22.77	27.03	-0.51
NAV	18.62	-20.72	22.84	24.17	7.49
Benchmark	11.86	-19.45	24.76	10.20	-1.07

Source: Lipper, share price calculation percentage growth, mid to mid, capital return to 30.09.11.

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:	£76.7m
Shares in Issue:	22,787,962 (Ordinary 25p) 4,590,415 (Subscription 1p)
Ordinary Share Price ¹ :	323.0p
Subscription Share Price ^{1,2} :	52.5p
Net Asset Value (Ordinary) ³ :	336.7p
Premium/-Discount to NAV ³ :	-4.1%
NAV Frequency	Daily

1. Source: Lipper as at 30.09.11, 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: ²	Yes
Total Expense Ratio: ¹	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, 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, 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	(%)	(%)	
Amazon	6.7	Salesforce.com	3.2
Apple	6.3	Powershares Put Option 22/10/11	3.1
Quanta Services	4.5	Qlik Technologies	2.7
Google	4.4	Tesla Motors	2.6
Baidu	3.3	Tibco Software	2.6
Total Number of Holdings		53	

Sector Breakdown	(%)
Technology	52.32
Consumer Services	12.99
Industrials	12.10
Consumer Goods	8.07
Cash	6.18
Financials	2.68
Other	2.08
Utilities	1.69
Telecommunications	1.45
Health Care	0.44

Geographic Breakdown	(%)
North America	76.12
Far East & Pacific	14.79
Cash	6.18
Europe ex UK	2.37
UK	0.54

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 the Annual Financial Report, 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 30.09.11 unless otherwise stated.

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