

RCM Technology Trust PLC

Key Information

Total Assets	£63.2m
Gearing[†] (net)	nil
No. of Shares[†] (Ordinary Shares)	23,860,312
No. of Shares** (Subscription Shares)	4,772,062
Share price*(Ordinary Shares)	248.5p
Share price*(Subscription Shares)	41.5p
Premium/-discount to NAV[†]	-5.8%
Package value[†]	256.8p
Package discount[†]	2.6%
Net asset value*(Ordinary Shares)	263.7p
Benchmark	Dow Jones World Technology Index (Sterling adjusted, total return basis)
AIC Sector	Tech Media & Telecomm
RIC Code	RTT
Year end	30th November
Reports and Accounts	Final posted in March, Interim posted in July
AGM	April
Dividends	None
Price Information	Financial Times and The Daily Telegraph
Board of Directors	David Quysner (Chairman), John Cornish FCA, Paul Gaunt, Anthony Townsend, Dr Chris Martin, Richard Holway
Investor services	020 7065 1407
Brochure request	0800 317 573

[†] Source: Allianz Global Investors as at 28.09.07

Investment trusts are quoted companies listed on the London Stock Exchange. Their share price is 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.

The Trust may also seek to enhance returns for its shareholders through gearing, in the form of bank borrowings. Gearing can boost the Trust's returns when investments perform well, though losses can be magnified when investments do badly. The package value is the value of one Ordinary Share & 1/5th of Subscription Share

* Source: Lipper as at 28.09.07

** 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 the 17.08.07. These are qualifying investments for existing PEPs and the stocks and shares component of an ISA. 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 will be 267p, which represented 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. The Subscription shares may be traded separately from the ordinary shares.

Trust aim & characteristics

The 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.

Fund Manager's Review



Walter Price

Another good month as interest spreads to Mid Caps

In September, the RCM Technology Trust PLC produced strong relative performance, rising by 5.64% and outperforming the Dow Jones World Technology Index return of 2.95%. Since 30th April 2007 when the current manager assumed responsibility for the portfolio, the Trust has returned 15.07% compared with an Index return of 9.74%. The trend that we saw in August continued, with investors focusing on growth and technology stocks, but as we had hoped, the interest spread to many of the Mid Cap names in our portfolio as the market rally broadened.

Generally supportive results season

In general, technology companies had good June results and we remain enthusiastic about their future. Reasons for relative optimism are several. First, there has been no surge of spending on technology, so budgets have been tight and remain so. Projects that are ongoing generally have a good payback and can be financed from cash flow, and many of the high growth areas can actually save money and therefore have a very quick payback. On the consumer side, there are many strong products that are coming down in price that consumers want to buy, such as navigation systems, smart phones, HD TVs and new gaming systems. Our research continues to find that these sales are still surprisingly good.

During the month as several of our large holdings such as Nvidia, Research in Motion, and Nintendo did well. The Nintendo Wii continues to be sold out in many markets, and the smartphones from RIMM are doing well in both the US and overseas. Nvidia is gaining from the increased importance of graphics chips everywhere. Our Chinese stocks also did very well as that economy continues to be very strong. Alternative energy companies are also doing very well, especially in Europe. We had some poor performing stocks, usually because of management execution issues, and we continue to be less patient with these, as we have more good ideas than we have cash.

Ratings still reasonable relative to growth rates

In our view, we have still not seen the correct recognition of the higher growth companies in technology with the "proper" valuations, although this is starting to happen with such companies as VM Ware or Baidu, which are now selling at 40-times their projected 2010 earnings, for what are believed to be 40-50% secular growth rates. We are hopeful that this trend will spread, as interest rates should continue to come down to stabilise the world economy, and that should lead to a period of rising multiples. The key is to avoid any earnings disappointments as the US economy slows, for that will more than offset any modest up-tick in valuation for an individual company.

We see a US slowdown but not a recession

As we look at the economy for the balance of the year, we continue to think that the US will be a bit slow, though we do not expect a recession. Corporations are still very cautious on capital spending, though we see some sectors such as communications where spending is increasing as video over the internet stresses the existing networks. Thus we are under-weight in the traditional technology sectors such as hardware, software, and IT services. We continue to like communications equipment and services and the internet, where the portfolio's positions are over-weighted, and other themes including the 'portable internet' and alternative energy companies with strong cost-reduction capabilities.

Standardised Past Performance					
From to	30/09/2002 30/09/2003	30/09/2003 30/09/2004	30/09/2004 30/09/2005	30/09/2005 29/09/2006	29/09/2006 28/09/2007
Share Price	97.6%	-12.8%	24.6%	-4.8%	18.6%

Source: Allianz Global Investors/Lipper Hindsight. Discrete years, mid to mid, basic rate tax, based in UK sterling. Standardised past performance figures comply with the Financial Services Authority's regulations to enable investors to compare different products from different providers. **Please note that RCM were appointed managers of this Trust from end of April 2007.**

Top 10 holdings

Name	%
Nintendo	4.8
Intel	4.6
Nvidia	4.1
NII	3.1
Tencent	3.1
Apple	2.9
Google	2.8
Cisco Systems	2.8
EMC Corp	2.7
Focus Media	2.7
Total	33.6

Source: Allianz Global Investors as at 28.09.07. 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.

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 fund's assets from April 2007. The decision was based on the performance of RCM's US-based technology team, their experience and the manager's depth of expertise in the management of investment trusts.

Launch Date: December 1995 **Wind-up Date:** None (continuation vote in 2011)

Share buybacks

The Company has adopted a discount management policy whereby consideration is given to buying back shares, for cancellation and into treasury, at prices representing a discount greater than 7.0% to net asset value per share, if there is demand for it to do so. 73,500 shares have been repurchased for cancellation since RCM assumed management of the Company, and no shares are currently held in treasury.