

Fund Manager Comment

Market performance

Markets ended the year on a positive note with the FTSE World Index advancing 0.6% and the S&P 500 Index rising by 1.1% near to all time highs, registering strong twelve-month gains of 19.3% and 27.1% respectively (all in sterling terms). The period was dominated by US top-down developments where better than expected macroeconomic data (strong non-farm payrolls/GDP, lower unemployment and encouraging ISM, PMI and consumer sentiment readings) pushed ten-year US Treasury yields back towards 3%. Although this stronger data increased the likelihood of early tapering, equity markets proved surprisingly robust, likely supported by news of an early Congressional budget deal. The announcement of the tapering decision at December's meeting of the Federal Open Market Committee (FOMC) - following which the Federal Reserve stated its plan to reduce its asset purchases by US\$10bn - proved a non-event for equity markets, in part because investors spent all year climbing the proverbial 'wall of worry', but mostly because the decision was accompanied by the reassurance that short-term interest rates would remain low "well past" the time unemployment falls below 6.5%, provided inflation remains contained.

Technology performance

Technology stocks outperformed the broader market during the month with the Dow Jones World Technology Index rising 2.2% in sterling terms. Given the recent negative enterprise demand-related commentary from IBM, Cisco and others (with many blaming NSA/Edward Snowden-related backlash combined with a broader slowdown in Asia, specifically China) expectations for those companies reporting off-quarter were low. Fortunately, results were largely positive; Adobe crushed subscriber growth expectations, Oracle reported in line with expectations for the first time in several quarters, while both Red Hat and Accenture reported strong earnings. In contrast, a lacklustre report from enterprise software vendor TIBCO was the only high-profile disappointment. Apple rallied strongly in anticipation of the iPhone 5S product cycle and a long awaited deal to supply China Mobile. However, the latter proved to be a 'sell the news' event following disappointing pre-sales data and amid negative smartphone data points with the Asian supply chain suggesting potential cuts to both Samsung Galaxy 4S and Apple 5C production. Elsewhere, news flow was more supportive, with PC demand in developed economies showing further signs of stabilization, while mobile advertising beneficiaries, such as Facebook and Twitter, rose sharply on positive expectations for mobile in Q4. Although there was some evidence of profit taking during the month, a number of favoured themes – including wearable computing and mobile payments – continued to perform well into the calendar year-end. M&A activity reaccelerated with email marketing software vendor Responsys snapped up by Oracle for a 38% premium, while LSI was acquired by semiconductor peer Avago.

Outlook

Having entered a more pernicious phase during 2013 – one where new technologies initially considered as compliments became better understood as substitutes – the new technology cycle is likely to gain further traction over the coming year. If so, this will further bifurcate the fortunes within our sector, as incumbent vendors bear the brunt of deflation associated with cloud computing and IT budget reallocation away from legacy technologies. While this view has become better understood - and supported by market action - over the past year, many commentators remain more comfortable explaining away the travails of former leaders, such as Cisco and IBM, as macroeconomic in nature. While the recent slowdown in Asia (particularly in China) has no doubt added to their woes, the challenges faced by incumbent, enterprise-orientated vendors appear more secular in nature as workloads (units of computing) and storage tend to The Cloud. As such, we are skeptical of the view that there is significant pent-up enterprise demand for legacy technologies. We are therefore likely to continue to eschew apparently cheap large-caps with much to lose (and little to gain) from the new cycle. Of course, there are likely to be short-term periods of mean reversion when larger/slower growth companies outperform; however, we expect the fundamentals of legacy and 'new cycle' stocks to diverge further and – ultimately – share prices should follow.

While new cycle deflation is likely to continue to hamper the progress of former 'winners', the combination of smartphone ubiquity and sharply lower compute/storage costs are making new applications possible, allowing the technology sector to 'bleed' into other industries at an accelerated pace. In terms of core themes, we continue to emphasise both 'Internet infrastructure' and 'broadband applications' within the portfolio while retaining significant exposure to 'mobile data' (although we have continued to pare our device exposure given that smartphone penetration has reached 55%). In addition, there are a myriad of additional themes well represented within the portfolio today including 'big data', social media, 3D printing, smart agriculture and cyber security, to name a few. As excited as we are about our sector's prospects over the coming months and years, we are far from valuation agnostic and, as such, we have continued to take profits in next-generation assets where we believe stock prices largely capture future upside. As a result, and despite the fact we expect a relatively robust fourth-quarter earnings season, we have retained a little liquidity that we expect to deploy should markets soften or as individual opportunities present themselves.

Ben Rogoff, 13 January 2014

31 December 2013

Fact sheet

Trust Facts

Ordinary Shares

Share Price (p)	492.00
NAV (undiluted) per Share (p)	483.96
Premium (%)	1.66
Discount (%)	-
Capital Structure	128,938,650 shares of 25p

Subscription Shares†

Share Price (p)	17.88
Exercise Price (p)	
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	24,767,552 shares of 1p

Total Net Assets (£m)	626
AIC Gearing Ratio (%)*	0.00
AIC Net Cash Ratio (%)*	4.00

*Gearing calculations are exclusive of current year Revenue/Loss

Benchmark

Dow Jones World Technology Index (Total Return)
(from 1 May 2006)

Trust Overview

Objective

The investment objective is to maximise capital growth for our shareholders through investing in a diversified portfolio of technology companies around the world.

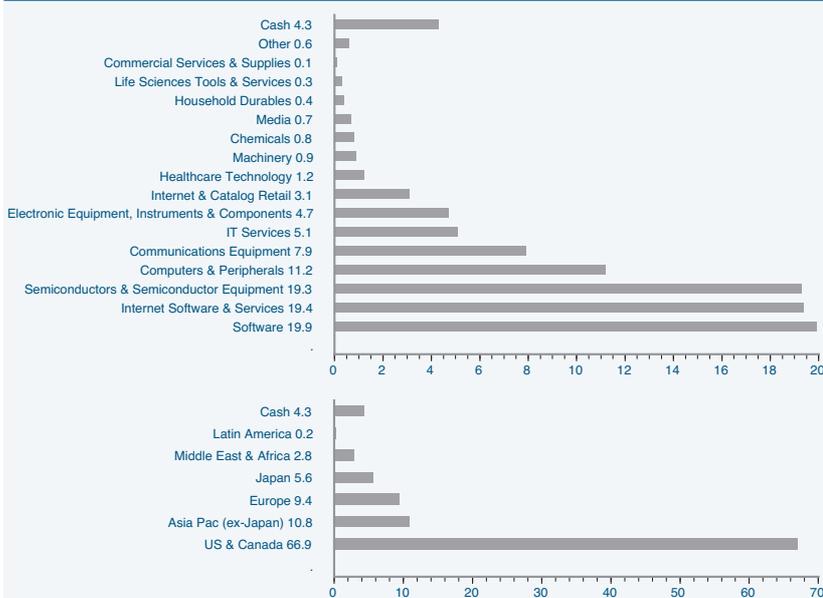
†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this list. A list of all recommendations made within the immediately preceding 12 months is available upon request.

31 December 2013

Fact sheet

Sector & Geographic Exposure (%)



Total Number of Holdings 138

Top Ten Holdings (%)

Google	7.6
Apple	7.3
Facebook	2.7
Microsoft	2.4
Samsung Electronics	2.2
Qualcomm	2.0
Amazon	1.9
Salesforce	1.8
Oracle	1.7
Intel	1.6
Total	31.2

Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	70.1
Medium (US\$ 1bn to 10bn)	22.3
Small (less than US\$ 1bn)	7.6

Trust Overview

Investment Rationale

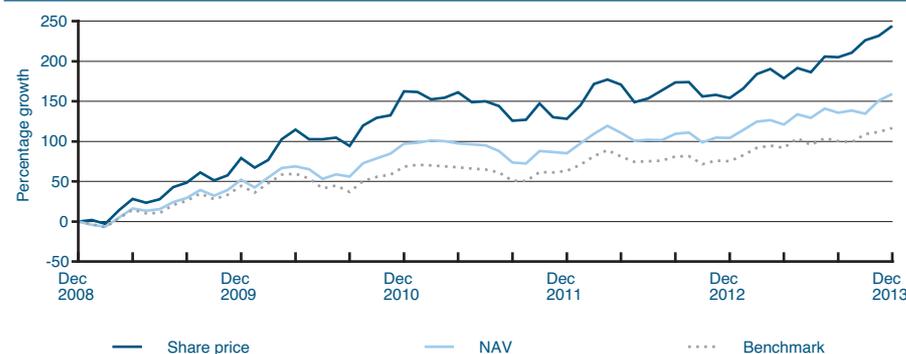
Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new technology. Technology is transforming the competitive position of companies and entire economies, thereby fuelling a major secular increase in technology spending.

Full details of the Investment Objective, Rational and Strategy are available on the company's website.

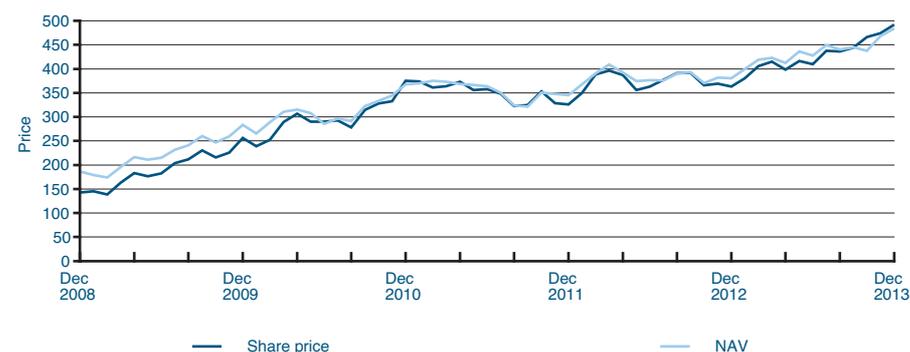
Approach

Polar Capital selects companies for their potential for generating capital growth, not on the basis of technology for its own sake. We believe in rigorous fundamental analysis and focus on: management quality, the identification of new growth markets, the globalisation of major technology trends, and exploiting international valuation anomalies and sector volatility

Performance Over 5 Years



Share Price & NAV per Share Over 5 Years



Cumulative Performance (%) to 31/12/2013

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	3.75	10.69	20.18	35.35	244.06
NAV per Share	3.41	8.83	13.18	27.12	159.41
Benchmark	2.32	8.79	10.90	23.51	116.51

Discrete Annual Performance (%)

	30/04/13 31/12/13	30/04/12 30/04/12	28/04/11 30/04/11	30/04/10 28/04/11	30/04/09 30/04/10
Share Price	23.46	2.97	3.61	21.74	67.65
NAV per Share	17.35	5.06	6.59	16.88	45.63
Benchmark	12.76	5.98	8.12	4.87	39.63

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return

29 November 2013

Fact sheet

Polar Capital Technology Investment Management Team

Polar Capital Technology Trust is managed by the Polar Capital technology team. Polar Capital was established by the senior technology fund managers previously responsible for Henderson's specialist technology funds. Today's Polar Capital technology team comprises of five investment professionals.

Ben Rogoff - Director, Technology



Ben joined Polar Capital in May 2003. He is lead manager of Polar Capital Technology Trust plc and is also joint manager of Polar Capital Global Technology Fund. He has been a technology specialist for 15 years. Prior to joining Polar Capital he began his career in fund management at CMI, as a global technology analyst. He moved to Aberdeen Asset Managers in 1998 where he spent four years as a senior technology manager. Ben graduated from St Catherine's College, Oxford in 1995.

Technology Investment Management Team:

Nick Evans - Senior Fund Manager

Nick joined Polar Capital in September 2007 and has 15 years' experience as a technology specialist. He has been lead manager of the Polar Capital Global Technology Fund since January 2008. Prior to joining Polar he was head of technology at AXA Framlington and lead manager of the AXA Framlington global technology fund and the AXA world fund (AWF) – global technology from 2001 to 2007 (both rated five stars by S&P). He also spent three years as a Pan-European investment manager and technology analyst at Hill Samuel Asset Management. Nick has a degree in Economics from Hull University.

Fatima Iu - Fund Manager

Fatima joined Polar Capital in April 2006 after working as an analyst with Citigroup Asset Management for 18 months. She focuses on European technology stocks and has responsibility for coverage of the global alternative energy and medical technology sub-sectors. Fatima graduated from Imperial College London in 2002 with a degree in Medicinal Chemistry. She is a CFA charterholder.

Colin Moar - Fund Manager

Colin joined Polar Capital in January 2011 as a Fund Manager, having spent 15 years covering Pan-European and then global equity markets, with the technology sector as his main focus. Prior to joining Polar Capital he started his career at Morley Fund Management in 1997 initially covering UK/European equities before moving to their global equity team in 2002. From 2006 he took responsibility for €450m of the team's focused global equity funds. In January 2010 Colin joined HSBC Asset Management's global equity team as a senior fund manager. Colin has a degree in Business Studies from the University of Edinburgh.

Xuesong Zhao - Fund Manager

Xuesong joined Polar Capital in May 2012, having spent most of the previous five years working as an investment analyst within the emerging market & Asia team at Aviva Investors, where he was responsible for the technology, media and telecom sectors. Prior to that, he worked as a quantitative analyst and risk manager for the emerging market debt team at Pictet Asset Management. He started his career as a financial engineer at Algorithmics, now owned by IBM, in 2005. He holds an MSc in Finance from Imperial College Science & Technology, a BA (Hons) in Economics from Peking University and is a CFA charterholder.

Trust Characteristics

Launch Date	16 December 1996
Lead Manager	Ben Rogoff
Year End	30 April
Results Announced	Mid June
Next AGM	September 2013
Continuation Vote	2015 AGM; every 5 years
Listed	London Stock Exchange

Fees*

Management Fee	1.00%
Performance Fee**	15% over Benchmark
Ongoing Charges (historic)	1.16%

* Further details can be found in the Report & Accounts

** Subject to high watermark and cap

How to Invest

Market Purchases

The shares of Polar Capital Technology Trust PLC are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Share Dealing Services

The company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Equiniti to be made available.

Tel: 0870 850 0852
Online: www.shareview.co.uk/dealing

Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme and an ISA administered by Alliance Trust Savings Scheme, by contacting Alliance Trust.

Tel: 0800 326 323
Online: www.alliancetrust.co.uk

Registered Office

4 Matthew Parker Street, London SW1H 9NP

Custodian

JP Morgan Chase NA acts as global custodian for all the Company's investments.

Registrar

Equiniti
The Causeway, Worthing, West Sussex BN99 6DA
www.shareview.co.uk

Codes

Ordinary Shares

London Stock Exchange	PCT
Reuters	PCTL
Bloomberg	PCTLN

Subscription Shares

London Stock Exchange	PCTS
Reuters	PCTS.L
Bloomberg	PCTS.LN

Website

www.polarcapitaltechnologytrust.co.uk

House View

This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

Important Information

The information provided in this document shall not and does not constitute an offer or solicitation of an offer to make an investment into any fund managed by Polar Capital. It may not be reproduced in any form without the express permission of Polar Capital and is not intended for private investors. Notwithstanding anything to the contrary herein, such person (and each employee, representative or other agent of such person) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) the fund and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the recipient relating to such tax treatment and tax structure.

This document is only made available to professional clients and eligible counterparties. Shares in the fund should only be purchased by professional investors. Any other person who receives this document should not rely upon it. The law restricts distribution of this document in certain jurisdictions; therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. It is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

Polar Capital Technology Trust is an investment trust and as such its ordinary and subscription shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable so that the exclusion continues to apply.

This document does not provide all information material to an investor's decision to invest in the Polar Capital Technology Trust plc, including, but not limited to, risk factors. PROSPECTIVE INVESTORS SHOULD REVIEW THE FUND'S OFFER DOCUMENT, INCLUDING THE RISK FACTORS, BEFORE MAKING A DECISION TO INVEST.

The Fund has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") and the holders of its shares will not be entitled to the benefits of the Investment Company Act. In addition, the offer and sale of the Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). No Securities may be offered or sold or otherwise transacted within the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act). In connection with the transaction referred to in this presentation the shares of the Fund will be offered and sold only outside the United States to, and for the account or benefit of non U.S. Persons in "offshore- transactions" within the meaning of, and in reliance on the exemption from registration provided by Regulation S under the Securities Act. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Any failure to comply with the above restrictions may constitute a violation of such securities laws.

Statements/Opinions/Views

All opinions and estimates in this report constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Polar Capital is not rendering legal or accounting advice through this material; readers should contact their legal and accounting professionals for such information.

Third-party Data

Some information contained herein has been obtained from other third party sources and has not been independently verified by Polar Capital. Polar Capital makes no representations as to the accuracy or the completeness of any of the information herein. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data.

Holdings

This portfolio data is "as of" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

Benchmarks

The following benchmark index is used: Dow Jones World Technology Index (Total Return). This benchmark is generally considered to be representative of the Technology equity universe. This and all benchmarks are broad-based indices which are used for comparative/illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Please refer to www.djindexes.com for further information on this index. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, any indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. The information regarding the indices are included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to any of the indices in composition or risk.

Regulatory Status

This document is Issued in the UK by Polar Capital. Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the UK Financial Conduct Authority ("FCA") and is registered as an investment adviser with the US Securities & Exchange Commission ("SEC"). A list of members is open to inspection at the registered office, 4 Matthew Parker Street, London SW1H 9NP.

Investment managers which are authorised and regulated by the FCA are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the investment manager which can reasonably be expected to provide one investor with more favourable rights, which are material, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Administrator on 0800 3134922. The Fund is prepared to instruct the custodian of the Fund, upon request, to make available to investors portfolio custody position balance reports monthly in arrears.

Information Subject to Change

The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

Forecasts

References to future returns are not promises or even estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, the forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

Performance

Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Many factors affect fund performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment return and principal value of your investment will fluctuate, so that when your investment is sold, the amount you receive could be less than what you originally invested. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Investments are not insured by the FDIC (or any other state or federal agency), are not guaranteed by any bank, and may lose value.

Investment Process - Risk

No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable. Investors may lose all of their investments.

Allocations

The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. The actual performance of the fund will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the fund while minimizing its risk. The actual investments in the fund may or may not be the same or in the same proportion as those shown herein.