

28 March 2013

Fact sheet

## Fund Manager Comment

### Market review

Equity markets added to their year-to-date gains despite mixed macroeconomic data and initial concerns about the nature of the Cypriot bailout, the FTSE World Index gaining 1.7% in sterling terms. Although US employment showed some further improvement, sentiment surveys (Michigan consumer, purchasing managers) and the ISM came in below expectations. This deterioration likely reflected the impact of US budget cuts ('sequestration') that began on 1 March. Economic data also disappointed elsewhere with weak PMIs in China, France and Germany. However, events in Cyprus dominated investor attention due to initial proposals to apply a levy on all bank deposits, even those who fell below the threshold guaranteed by the European savings deposit scheme. The potential for this to become the new model for future bailouts likely caused some short-term capital flight which weighed further on the euro. However, the potential for this to become a fresh source of systemic risk were stymied because, when the final agreement was settled later in the month, plans for a deposit levy were dropped for deposits below €100k. Despite these negative developments, ten year US Treasury yields were little changed while the S&P 500 Index made an all-time closing high during the month. Japanese markets were also strong (offset by yen weakness) as the Bank of Japan (BOJ) continued to deliver on its reflationary policy stance. Asia (ex Japan) underperformed due to escalating tension on the Korean peninsula.

### Technology review

Technology stocks trailed the broader market during the month, the Dow Jones World Technology Index rising 1.3% in sterling terms. Softer macroeconomic data and uncertainty around the US sequester appear to have been exacerbated by late US Federal budget sign-offs and a shorter than usual month with Easter holidays falling at quarter-end. Among the weak data points, Oracle and Tibco both missed license sales expectations, blaming a mix of internal execution and macro factors. Accenture and Red Hat also reported disappointing quarters, ameliorated by robust billings/backlog growth. However, eBay and VMware performed strongly after issuing upbeat medium-term growth outlooks at their respective analyst days. Beyond enterprise and federal, newsflow was more encouraging. Micron and Adobe both reported better than expected earnings while Ciena reported robust results which, together with raised guidance from Lattice Semiconductor, points to communications infrastructure strength. China Mobile also significantly increased its CAPEX budget for 2013 to accelerate its TD-LTE and optical transmission rollout. However, handset-related newsflow remained downbeat following the evolutionary (rather than revolutionary) release of Samsung's Galaxy 4 and further weakness in the Apple supply chain data. M&A activity continued apace with Oracle acquiring Tekelec (signalling/policy control for next generation networks), its second telecom-related purchase this year.

### Outlook

The aggressive liquidity injection/policy shift by the BOJ provides further support to our long-held belief that equity investor interests remain firmly aligned with policymakers (intent on stimulating growth and offsetting rising tax burdens via an extended period of extremely accommodative monetary policy). That said, sequestration and ongoing budget negotiations may prove a near-term headwind to US economic growth. Fortunately, markets have been resilient given the additional uncertainty surrounding the Cyprus bailout, Italian elections and sharply lower US sovereign yields.

Turning to technology, we believe the sector is at a critical juncture where the pace of innovation is accelerating and much of the growth is occurring outside of traditional IT budgets. This view was recently echoed by IT consultant Gartner who stated that the Chief Marketing Officer (CMO) will ultimately spend more on IT than the Chief Information Officer (CIO). In addition, broader adoption of public cloud computing is likely to prove deflationary and disruptive to incumbent technologies and vendors. As a result we have begun to move more materially away from our benchmark in order to increase our exposure to key themes - cloud computing, broadband applications and mobile data. We have also been increasing our exposure at the periphery of the portfolio in areas as diverse as energy conservation, smart agriculture and factory automation. In the past we have described this as searching for the technology index constituents of the future - but the truth may be that the traditional definition of what constitutes a 'technology company' needs to change as the sector's reach permeates through almost all industries. Indeed, LinkedIn (recruitment/social), eBay and Amazon (e-commerce), Mastercard (electronic payments), TripAdvisor (travel/social) and Monsanto (agricultural biotech) are all current holdings that are not represented in most technology indices.

Given the magnitude of change within the sector, we expect M&A activity to remain at elevated levels/premiums as incumbents use their current 'free' cashflows in order to replace business likely to be lost forever to disruptive alternatives. With this in mind it is our intention to use any 'macro' related weakness over coming weeks (as we approach/enter earnings season) to put our liquidity to work while continuing to rotate the portfolio towards our preferred secular themes.

Ben Rogoff, 11 April 2013

## Trust Facts

### Ordinary Shares

Share Price (p)	415.00
NAV (undiluted) per Share (p)	422.72
Premium (%)	-
Discount (%)	1.83
Capital Structure	128,220,357 shares of 25p

### Subscription Shares<sup>†</sup>

Share Price (p)	8.13
Exercise Price (p)	
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	24,785,845 shares of 1p

Total Net Assets (£m)	542
AIC Gearing Ratio (%) <sup>*</sup>	0.00
AIC Net Cash Ratio (%) <sup>*</sup>	4.00

<sup>\*</sup>Gearing calculations are exclusive of current year Revenue/Loss

## 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

## Benchmark

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

## Fees<sup>\*</sup>

Management Fee	1.00%
Performance Fee <sup>**</sup>	15% over Benchmark
Ongoing Charges (historic)	1.16%

<sup>\*</sup> Further details can be found in the Report & Accounts

<sup>\*\*</sup> Subject to high watermark and cap

## 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.

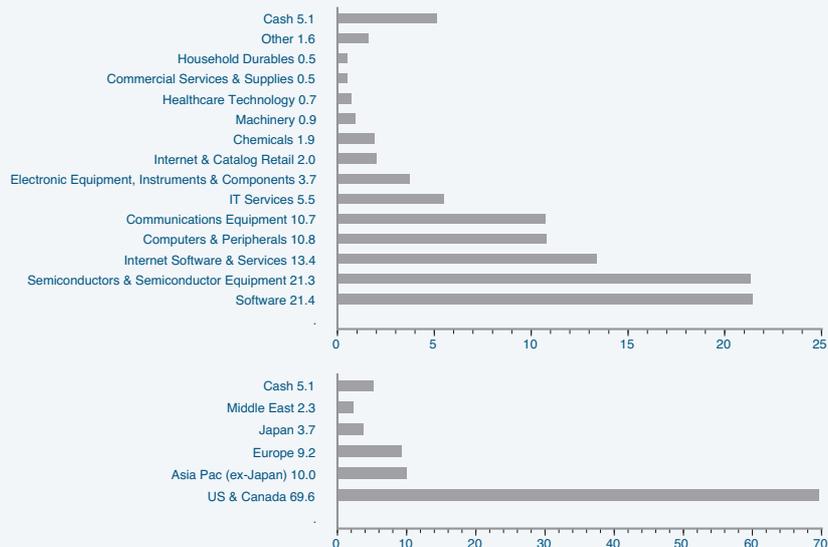
**†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.**

**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.**

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## Sector & Geographic Exposure (%)



**Total Number of Holdings** 132

## Top Ten Holdings (%)

Apple	6.7%
Google	6.1%
Samsung Electronics	3.3%
Microsoft	3.1%
IBM	3.0%
Qualcomm	3.0%
SAP	2.0%
Salesforce.com	1.8%
Cisco Systems	1.7%
TSMC	1.7%
<b>Total</b>	<b>32.4</b>

## Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	65.1
Medium (US\$ 1bn to 10bn)	26.2
Small (less than US\$ 1bn)	8.7

## Trust Overview

### Investment Rationale

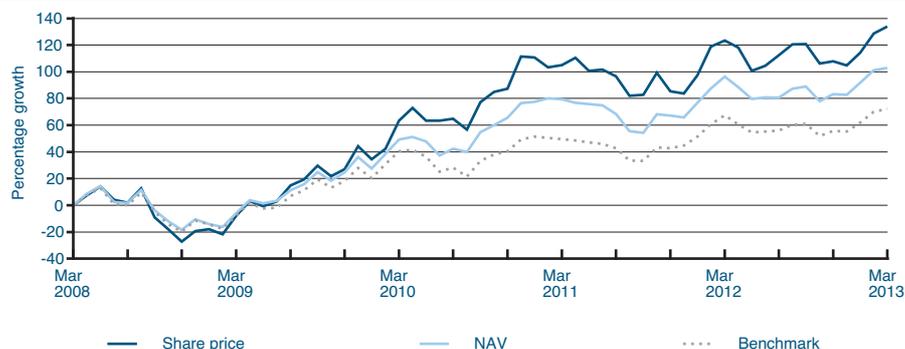
Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new 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 28/03/2013

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	2.27	14.17	5.95	4.67	133.80
NAV per Share	0.84	11.04	7.45	3.29	102.94
Benchmark	1.21	10.86	6.98	2.86	72.18

## Discrete Annual Performance (%)

	30/04/12 28/03/13	28/04/11 30/04/12	30/04/10 28/04/11	30/04/09 30/04/10	30/04/08 30/04/09
Share Price	7.24	3.61	21.74	67.65	-4.06
NAV per Share	7.68	6.59	16.88	45.63	-4.42
Benchmark	7.26	8.12	4.87	39.63	-5.45

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

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## 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 has been a technology specialist for fourteen years having begun his career in fund management at CMI, as a global technology analyst. He moved to Aberdeen Fund Managers in 1998 where he spent four years as a senior technology manager prior to joining 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. 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 thirteen 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 Aug 2001 to July 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 graduated from Hull University with a degree in economics.

#### 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 medical technology sub-sector. Fatima graduated from Imperial College London in 2002 with a degree in Medicinal Chemistry.

#### Colin Moar - Fund Manager

Colin joined Polar Capital in January 2011, having spent 13 years covering pan-European and then Global Equity markets with the Technology sector as his main focus. 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 Graduated from the University of Edinburgh with a degree in Business Studies.

#### Xuesong Zhao - Fund Manager

Xuesong joined Polar Capital in May 2012, having spent most of the previous four years working as an investment analyst within the Emerging Market & Asia team in 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, an IBM company, in 2005. He holds an MSc in Finance from Imperial College Science & Technology and a BA (Hons) in Economics from Peking University and is a CFA charter holder.

## 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](http://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](http://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](http://www.shareview.co.uk)

## Codes

### Ordinary Shares

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

### Subscription Shares

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

## Website

[www.polarcapitaltechnologytrust.co.uk](http://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

All sources Polar Capital unless otherwise stated. It is not a recognised scheme under s.76 of the Financial Services Act 1986 and its promotion is restricted to persons permitted by the Financial Services (Promotion of Unregulated Schemes) Regulations 1991.

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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.

## 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.

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## Holdings

The top 10 positions were selected based on percentage of AUM. This portfolio data is "as at" 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 benchmark is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to [www.djindexes.com](http://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, the index noted in this presentation is unmanaged, are not available for direct investment, and is not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the index 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 index is included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to the index in composition or risk.

## Regulatory Status

Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the UK Financial Services Authority ("FSA") 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.

## 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. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Where investments are made in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, or the income from, the investment. 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.