

28 September 2012

Fact sheet

Fund Manager Comment

Market review

September was a strong month for equity markets, with the FTSE World Index rising 1.1% in sterling terms. Economic data was mixed but skewed towards the negative with disappointing US PMI, durable goods and employment data (non farm payrolls) partially offset by improved consumer confidence surveys. While US unemployment fell from 8.3% to 8.1% during the month, this was largely due to unemployed leaving the workforce rather than new job creation. However, investors were in a forgiving mood, as weaker data was taken as increasing the likelihood of further policy easing – particularly following earlier supportive remarks from a number of key policymakers. This proved prescient as ECB President Mario Draghi unveiled a plan during the month to buy unlimited quantities of short-dated bonds of those countries requesting aid, on the condition they adhere to centrally controlled austerity budgets (allowing German Chancellor Merkel to publically support the plan). The Federal Reserve soon followed suit with further quantitative easing (QE3) this time in the form of an open-ended commitment to buy mortgage backed securities (MBS).

Earnings related newsflow was weaker than expected as FedEx lowered full year guidance, while Burberry, Caterpillar, Nike and Prada all profit warned as slowing Chinese demand took its toll. Towards the month-end, Eurozone concerns raised their head again as France, Greece and Spain passed further austerity measures, leading to pockets of civil unrest and renewed fears over economic growth. Mild relief followed as Spanish bank stress test results showed a \$59.3bn capital shortfall - in line with expectations – although the lack of a formal request for aid and pending regional elections especially in Catalonia (possibly including an 'illegal' referendum on independence) continued to drag on sentiment. Political turmoil in Asia also grabbed the headlines as Sino-Japanese relations deteriorated further. Forthcoming elections in the US and Japan, together with leadership changes in China (all scheduled for the fourth quarter) added to the sense of political uncertainty.

Technology review

Technology stocks trailed the market modestly in what is typically a seasonally weak month, with the Dow Jones World Tech Index rising 0.2%. Small/mid caps performed broadly in line with their larger peers whilst US technology stocks lagged versus strength in Asia (led by stocks such as TSMC, Samsung and much of the Apple supply chain). Despite this, semiconductors were the clear laggards, the SOX Index falling 3.5% during the month amid further negative PC data points including reduced guidance from Intel, Seagate and Western Digital. Whilst a weaker macroeconomic backdrop is partially to blame, there also appears to be a general lack of enthusiasm for Microsoft's next operating system release 'Windows 8' (scheduled for release in October). Previews have so far been lacklustre and there are signs of stress emerging with a public spat between Intel and Microsoft (Intel's CEO recently suggested the software was not ready for release, whilst Microsoft publicly discussed the failure of Intel's new Clover Trail chip to deliver claimed power consumption metrics). We therefore remain comfortable with our underweight position in PC related stocks.

The big news during the month was the much awaited launch of Apple's iPhone 5 which turned out to be a "sell the news" event, with supply constraints leading to solid, if unspectacular, first weekend sales of 5m+ units. With one of the team having bought a device we can testify it is a feat of engineering to pack LTE/4G technology into a faster yet thinner/lighter device with good battery life. However, with global smartphone penetration exceeding 35% and with the pace of innovation seemingly abating, we have continued to pare our Apple exposure (having previously reduced our exposure to all other smartphone vendors). That said, any potential demand deficiency is unlikely to show up until next year as 'early adopters' and existing customers with older devices due an upgrade are likely to drive the first wave of buying. Beyond that, the challenge for Apple is to win adequate share of new smartphones subscribers with its premium priced products – a formidable but not insurmountable task, given the strength of its ecosystem. Despite mixed macro data, broader enterprise software / services demand so far remains resilient with Accenture, Adobe Oracle, Red Hat and TIBCO Software all reporting solid earnings during the month. Negative pre-announcement from Adtran and poor guidance from Jabil were unhelpful data points for communications equipment stocks, but both suffered from certain stock specific elements. We remain relatively constructive about the outlook for communication stocks as we are hopeful that the iPhone 5 should act as the catalyst for accelerated 4G network deployments as appears to be the case in the UK.

Outlook

Whilst we are encouraged to see central banks globally initiating further monetary easing, we are also cognisant that such policies are required to offset slower global growth, especially in the face of fiscal tightening. Nonetheless, it is clear that our long held view that investors' interests remain clearly aligned with policy makers is holding true. Whilst US demand remains firm, growth and job creation has clearly slowed. Unfortunately at this stage it is difficult to quantify the almost certainly negative impact that uncertainty related to forthcoming elections and fiscal cliff/drag is having on corporate investment plans. Chinese growth is slowing but the approaching leadership handover could be the catalyst for a more aggressive but tightly targeted stimulus (we expect areas like 4G wireless networks to be beneficiaries of these policy changes). In Europe, significant policy progress has been made, but economic growth is likely to remain muted due to austerity budgets. Even after their recent rally, equities continue to look compelling versus other asset classes (particularly 'safe havens' such as cash and government bonds which offer negative real returns). In the absence of a new, significant 'shock' and not withstanding the potential for a near term setback, the so-called "pain trade" for equity investors still appears upwards.

Turning to technology, we continue to believe the sector looks well placed to navigate the challenging macro backdrop. Market earnings growth is clearly slowing (partially due to peaking margins) with the S&P 500 Index expected to show negative year over year growth in the third quarter, yet the technology sector is expected to continue to deliver growth (both in terms of revenue and margins). Given corporate profitability remains high and balance sheets are strong, there is scope for increased investment once political and budget uncertainties are behind us in 2013. Not only does the technology sector offer investors the strongest aggregate balance sheet, but it also offers the potential for compelling earnings and cashflow growth. However, we continue to expect IT budgets to grow 2-3% over the coming years which is likely to constrain the ability of a number of technology incumbents to continue to deliver growth, which should favour a less index orientated investment approach going forwards. Furthermore, we are encouraged (and a little frustrated) by the extent of the 'crowding out' that has occurred since risk peaked in April 2011, which has seen small/mid caps trail large-caps by more than 25% (as measured by Russell 2000 / Russell 1000 technology indices) unwinding almost all of their 2009/2010 outperformance. Despite this enticing combination of technology disruption and overlooked small/mid-caps, we have retained a little liquidity as we are now entering third quarter pre-announcement season and expect news flow to be directionally negative. However, our aim is to be more fully invested as earnings season gets underway in mid October, a period associated with more favourable seasonality.

Ben Rogoff, 8 October 2012

Trust Facts

Ordinary Shares	
Share Price (p)	391.70
NAV (undiluted) per Share (p)	393.42
Premium (%)	-
Discount (%)	0.44
Capital Structure	128,208,265 shares of 25p

Subscription Shares¹

Share Price (p)	9.88
Exercise Price (p)	
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	24,797,937 shares of 1p

Total Net Assets (€m)	504
AIC Gross Gearing Ratio (%) [*]	106.00
AIC Net Gearing Ratio (%) [*]	97.00

^{*}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 2012
Continuation Vote	2015 AGM; every 5 years
Listed	London Stock Exchange

Benchmark

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

Fees^{*}

Management Fee	1.00%
Performance Fee ^{**}	15% over Benchmark
Total Expense Ratio (historic)	1.16%

^{*} Further details can be found in the Report & Accounts

^{**} 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.

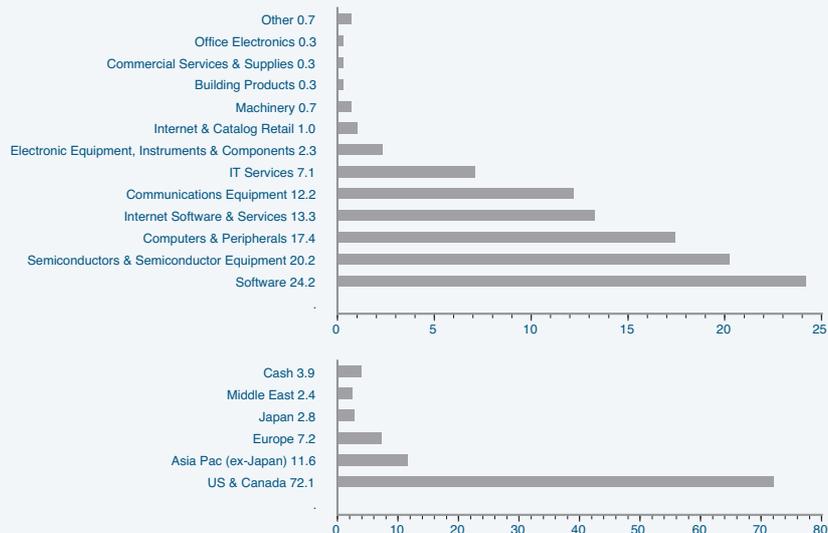
†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

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.

28 September 2012

Fact sheet

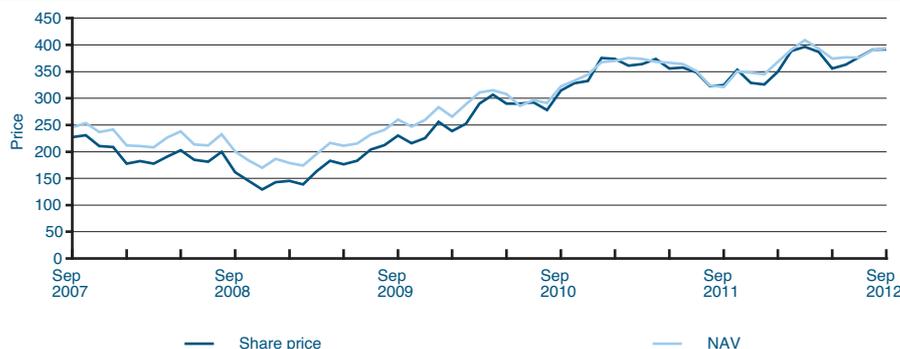
Sector & Geographic Exposure (%)



Performance Over 5 Years



Share Price & NAV per Share Over 5 Years



Cumulative Performance (%) to 28/09/2012

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	0.10	7.91	-1.21	20.71	72.18
NAV per Share	0.79	4.41	-3.87	22.48	60.24
Benchmark	0.36	3.69	-3.85	20.75	38.84

Discrete Annual Performance (%)

	30/04/12 28/09/12	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	1.21	3.61	21.74	67.65	-4.06
NAV per Share	0.17	6.64	16.88	45.63	-4.42
Benchmark	0.26	8.12	4.87	39.63	-5.45

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

Note: Totals may not sum due to rounding.

Total Number of Holdings	131
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Top Ten Holdings	(%)
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Apple	12.1
Google	6.0
Microsoft	4.6
Samsung Electronics	3.7
International Business Machines	3.7
Qualcomm	2.6
Oracle	2.3
TSMC	2.1
Intel	2.1
Cisco Systems	1.9
Total	41.1

Market Capitalisation Exposure	(%)
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Large (greater than US\$ 10bn)	68.6
Medium (US\$ 1bn to 10bn)	22.7
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.

28 September 2012

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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 lu - 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

Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme and an ISA administered by BNP Paribas Fund Services, by contacting:

BNP Paribas Fund Services UK Ltd (Polar Capital)
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP

Tel: 0845 358 1109
Fax: 01733 285 822

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

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

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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 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.