

## 28 February 2014

### Fact sheet

#### Fund Manager Comment

##### Market performance

Despite a period of softer macroeconomic data, February was a strong month for global equities, with the FTSE World Index gaining 2.9% in sterling terms. January ISM and nonfarm payroll numbers came in light (113,000 jobs added versus expectations of 175,000), although extreme weather conditions likely played a part. Nevertheless the US unemployment rate fell further during the month to 6.6%, approaching the 6.5% threshold for interest rate rises indicated by the Federal Reserve's current forward guidance. As mentioned previously, the unemployment rate is only a threshold and with the labour participation rate still poor, fourth-quarter GDP revised down to 2.4% from 3.2%, pending home sales light and inflation seemingly benign at 1.5% (below the Fed's 2% target), the pace of tapering is likely to be measured. Overseas economic data was unfortunately also skewed to the negative, with China PMI falling to a six month low, a weak Manufacturing PMI report in Europe (53 versus 54 expected) and Japan posting a record trade deficit of JPY ¥1.82 trillion. However, geopolitical concerns dominated as the upheaval in Ukraine and the thinly veiled occupation of Crimea by Russia has raised the spectre of a clash between Russia and NATO.

##### Technology performance

The technology sector outperformed the broader market, the Dow Jones World Technology Index rising 3.4% in sterling terms. For the most part, technology results were solid and thesis affirming with a number of our holdings, including Adobe, Demandware, Imperva, Palo Alto Networks, Salesforce.com, Splunk, Trimble, TripAdvisor and Yelp, all reporting very robust results. Although ARM, Cognizant, LinkedIn, NetApp and Twitter all reported somewhat disappointing earnings and/or guidance, we had materially reduced our exposure to each over recent weeks. Unfortunately performance was impacted by an unexpected profit warning from InfoBlox (a key positive contributor last year), its shares falling sharply as the company reset growth expectations. In fact, most of the networking/telecom equipment sector underperformed following lacklustre results and muted near term guidance from bellwether Cisco.

Apple (a significant underweight) also dragged on the Trust's relative performance, delivering strong absolute returns (despite chatter of reduced iPhone supply-chain builds and soft Avago guidance) due to a US\$14 billion buy-back over recent weeks along with speculation over pending iWatch, AppleTV and iPhone 6 product releases. Samsung also had a solid month, rebounding from oversold levels as it launched its new (in our view, evolutionary rather than revolutionary) flagship Galaxy S5 handset with integrated finger print sensor. However, the biggest piece of news during the month was Facebook's surprising acquisition of WhatsApp for US\$18 billion. Although the headline valuation appeared a little alarming (it represented around 6% of Facebook's market cap), WhatsApp is the clear leader in messaging with close to 450 million users growing at 1million/day with 70% of users engaging daily (better engagement than core Facebook with a stronger youth demographic). The other material news during the month included Microsoft appointing its new, and third-ever, CEO - the internal candidate Satya Nadella.

##### Outlook

Our economic outlook is broadly in line with the current consensus – 2014 should prove the first at/above trend growth year since the financial crisis. Although tightening has begun, monetary policy is likely to remain extremely accommodative as policymakers remain (rightly) focused on deflationary risk and achieving self-sustaining growth. However, as we move further from the crisis, policy is beginning to diverge globally, which may throw up new challenges not least in emerging markets where the secular growth story appears to be unraveling as China slows and monetary conditions tighten. Given the relatively tight alignment of interest between policymakers and investors (a key element of our positive view post-2008) we remain constructive on developed market equities that continue to look attractive relative to both cash and bonds. That said, we expect our 'secular bull market' thesis to be tested during the year as valuations now modestly exceed long-term averages and because it is always easier to take profits than run winning trades.

Turning to technology, we expect muted budget growth and the new technology cycle to continue to drive a bifurcation of intra-sector fortunes. Against a backdrop of circa 3.7% global growth, IT budgets are only expected to increase by around 3% in 2014. However, last year was a truly horrible one for 'traditional' technology as budgets grew at just 0.4% – the first time that we can recall budgets not really growing absent a recession. To us, it looks like cloud computing is rapidly becoming the default platform and is forecast to account for circa 17% of IT workloads (units of computing) by the end of this year. As Cloud adoption gathers pace, so too should new cycle deflation, which will fuel a myriad of exciting new IT applications while undermining incumbent business models that look increasingly incompatible with public cloud computing.

We believe this backdrop is likely to favour our growth-centric and increasingly off benchmark approach while our relatively long list of holdings (vs peers) should insulate us, somewhat, from unexpected adverse developments that are part and parcel of growth investing. As ever, we will look to add to our favoured names/themes should markets remain volatile particularly as two members of the team have recently returned from constructive (thesis-affirming) visits to Japan and the US. In addition to our core three themes ('Internet infrastructure', 'broadband applications' and 'mobile data'), there are a plethora of other exciting areas including security, mobile payments, 3D printing and robotics, together with a slew of new applications based around 'big data' and the so-called 'Internet of Things'. We therefore remain very constructive on the outlook for the Trust in 2014, with a broader group of stocks likely to drive sector returns (following an unusually concentrated group of 'next generation'/Internet related leaders in 2013), which should be well suited to our diversified, fundamentally-driven approach, enabling us to leverage the strength of our team of six dedicated technology analysts/fund managers.

Ben Rogoff, 13 March 2014

#### Trust Facts

##### Ordinary Shares

|                               |                           |
|-------------------------------|---------------------------|
| Share Price (p)               | 486.00                    |
| NAV (undiluted) per Share (p) | 494.46                    |
| Premium (%)                   | -                         |
| Discount (%)                  | 1.71                      |
| Capital Structure             | 129,089,407 shares of 25p |

##### Subscription Shares<sup>†</sup>

|                                      |                         |
|--------------------------------------|-------------------------|
| Share Price (p)                      | 6.16                    |
| Exercise Price (p)                   |                         |
| - From 1 April 2012 to 31 March 2014 | 478.00                  |
| Capital Structure                    | 24,616,795 shares of 1p |

|                                     |      |
|-------------------------------------|------|
| Total Net Assets (£m)               | 638  |
| AIC Gearing Ratio (%) <sup>*</sup>  | 0.00 |
| AIC Net Cash Ratio (%) <sup>*</sup> | 3.00 |

<sup>\*</sup>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.

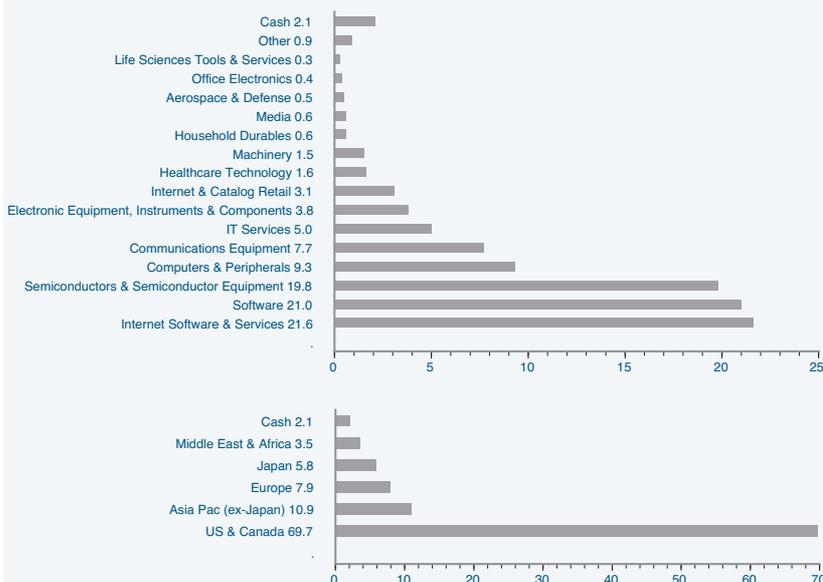
**†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.**

**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.**

28 February 2014

Fact sheet

## Sector & Geographic Exposure (%)



**Total Number of Holdings** 137

### Top Ten Holdings (%)

| Company             | Percentage (%) |
|---------------------|----------------|
| Google              | 8.3            |
| Apple               | 5.7            |
| Microsoft           | 4.2            |
| Facebook            | 3.9            |
| Intel               | 2.5            |
| Samsung Electronics | 2.1            |
| Tencent             | 1.9            |
| Qualcomm            | 1.9            |
| Oracle              | 1.8            |
| Amazon              | 1.8            |
| <b>Total</b>        | <b>34.1</b>    |

### Market Capitalisation Exposure (%)

| Category                       | Percentage (%) |
|--------------------------------|----------------|
| Large (greater than US\$ 10bn) | 70.2           |
| Medium (US\$ 1bn to 10bn)      | 21.3           |
| Small (less than US\$ 1bn)     | 8.5            |

## Trust Overview

### Investment Rationale

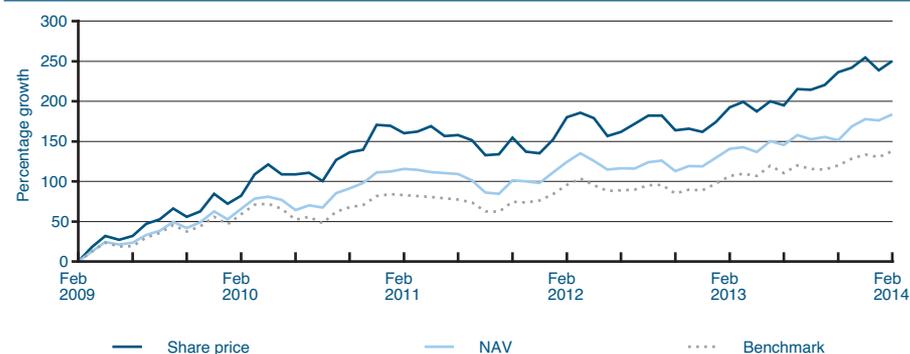
Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new 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 28/02/2014

|               | 1 Month | 3 Months | 6 Months | 1 Year | 5 Years |
|---------------|---------|----------|----------|--------|---------|
| Share Price   | 3.40    | 2.49     | 11.34    | 19.76  | 250.27  |
| NAV per Share | 2.85    | 5.65     | 12.38    | 17.96  | 183.90  |
| Benchmark     | 3.24    | 4.24     | 10.24    | 14.87  | 137.76  |

## Discrete Annual Performance (%)

|               | 30/04/13<br>28/02/14 | 30/04/12<br>30/04/13 | 28/04/11<br>30/04/12 | 30/04/10<br>28/04/11 | 30/04/09<br>30/04/10 |
|---------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Share Price   | 21.96                | 2.97                 | 3.61                 | 21.74                | 67.65                |
| NAV per Share | 19.89                | 5.01                 | 6.64                 | 16.88                | 45.63                |
| Benchmark     | 14.87                | 5.98                 | 8.12                 | 4.87                 | 39.63                |

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

Note: Totals may not sum due to rounding.

## 28 February 2014

### 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 2014          |
| 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](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               | PCTL  |
| Bloomberg             | PCTLN |

##### 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.

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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

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## 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](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, 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.