# Polar Capital Technology Trust plc

# Trust Fact Sheet
28 February 2020

## Trust Facts

**Ordinary Shares**

| | |
|---|---|
| Share Price | 1478.00p |
| NAV per share | 1613.10p |
| Premium | - |
| Discount | -8.38% |
| Capital | 133,825,000 ordinary shares of 25p |

**Assets & Gearing** [1]

| | |
|---|---|
| Total Net Assets | £2,158.7m |
| AIC Gearing Ratio | 0.00% |
| AIC Net Cash Ratio | 3.99% |

## Benchmark

Dow Jones Global Technology Index Total Return Sterling adjusted with the removal of relevant withholding taxes (from 1 May 2013)

## Fees [2,3]

**Management Fees**

| | |
|---|---|
| £0 - £800m | 1% |
| £800m - £1.6bn | 0.85% |
| £1.6bn - £2bn | 0.8% |
| Over £2bn | 0.7% |
| **Performance** | 10% over Benchmark |
| **Ongoing Charges** | 0.95% |

## FX Rates

| | |
|---|---|
| GBP/USD | 1.2773 |
| GBP/EUR | 1.1628 |
| GBP/JPY | 137.7760 |

**Risk Warning**

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

**Discount Warning**

The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

# Company Profile

## Investment Objective

The Company aims to maximise long-term capital growth through investing in a diversified portfolio of technology companies around the world.

## Investment Policy

The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

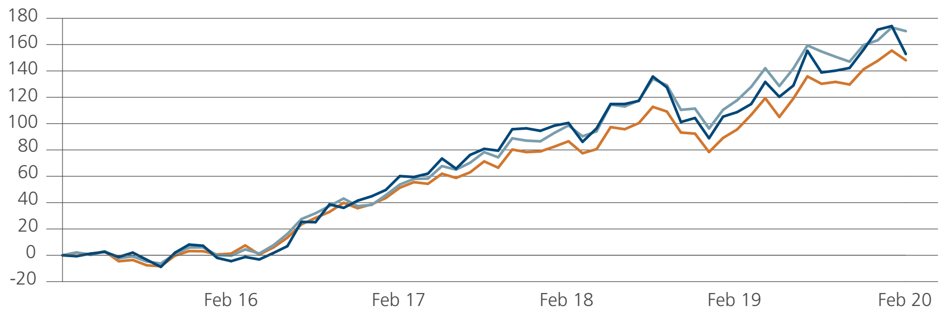
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

## Investment Approach

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

# Performance

## Performance over 5 years (%)




| | 1 month | 3 month | YTD | 1 year | 3 years | 5 years |
|---|---|---|---|---|---|---|
| Ordinary Share Price (TR) | -7.74 | -1.34 | -6.81 | 21.15 | 57.91 | 152.87 |
| NAV per share | -1.01 | 4.06 | 2.65 | 24.00 | 75.61 | 170.00 |
| Benchmark | -2.89 | 2.81 | 0.17 | 26.87 | 63.96 | 148.11 |

## Discrete Performance (%)

| | 30.04.19 28.02.20 | 30.04.18 30.04.19 | 30.04.17 30.04.18 | 30.04.16 30.04.17 | 30.04.15 30.04.16 |
|---|---|---|---|---|---|
| Ordinary Share Price | 9.16 | 17.94 | 21.22 | 67.31 | -4.39 |
| NAV per share | 11.54 | 24.70 | 22.66 | 56.13 | 1.05 |
| Benchmark | 13.13 | 21.44 | 17.05 | 53.38 | -0.11 |

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, total return, Net of Fees in GBP terms. Past performance is not indicative or a guarantee of future results.

1. Gearing calculations are exclusive of current year Revenue/Loss.
2. The performance fee is subject to a highwater mark and cap. Further details can be found under Corporate Documents of the Company's website: http://www.polarcapitaltechnologytrust.co.uk.
3. Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.

## Awards & Ratings

Money Observer Trust Awards 2019 Best Large Trust Highly Commended Polar Capital Technology

Portfolio Adviser Fund Awards '20 Gold Sector Specialist Last Word

**Polar Capital LLP** 16 Palace Street, London, SW1E 5JD

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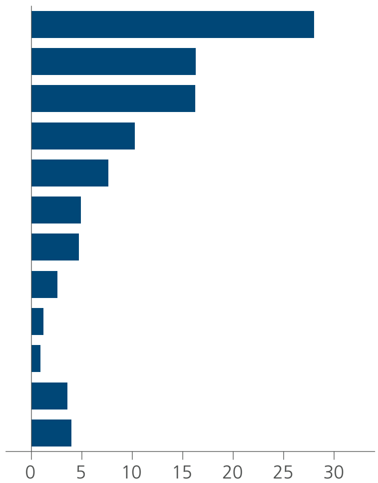
# Polar Capital Technology Trust plc

## Portfolio Exposure

As at 28 February 2020

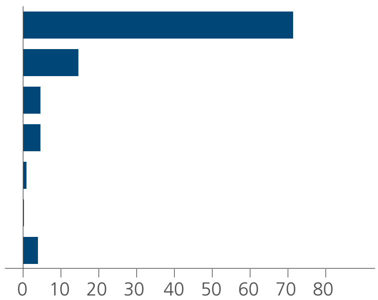
### Sector Exposure (%)

| | |
|---|---|
| Software | 28.0 |
| Semiconductors & Semiconductor Equip. | 16.3 |
| Interactive Media & Services | 16.2 |
| Tech. Hardware, Storage & Peripherals | 10.2 |
| Internet & Direct Marketing Retail | 7.6 |
| IT Services | 4.9 |
| Elec. Equip. Instruments & Components | 4.7 |
| Entertainment | 2.6 |
| Machinery | 1.2 |
| Healthcare Equipment & Supplies | 0.9 |
| Other | 3.5 |
| Cash | 4.0 |




### Geographic Exposure (%)

| | |
|---|---|
| US & Canada | 71.3 |
| Asia Pacific (ex-Japan) | 14.6 |
| Japan | 4.6 |
| Europe (ex UK) | 4.5 |
| Middle East & Africa | 0.8 |
| UK | 0.2 |
| Cash | 4.0 |




### Top 15 Holdings (%)

| | |
|---|---|
| Microsoft | 9.3 |
| Alphabet | 7.8 |
| Apple | 6.8 |
| Facebook | 4.0 |
| Alibaba | 3.9 |
| Samsung | 3.1 |
| Tencent | 3.0 |
| Amazon.com | 3.0 |
| Taiwan Semiconductors | 2.6 |
| Salesforce.com | 2.1 |
| NVIDIA | 1.7 |
| Applied Materials | 1.5 |
| Advanced Micro Devices | 1.5 |
| Adobe Systems | 1.4 |
| STMicroelectronics NV | 1.3 |
| **Total** | **53.0** |

### Total Number of Positions 108

### Market Capitalisation Exposure (%)

| | |
|---|---|
| Large Cap (>$10bn) | 81.5 |
| Mid Cap ($1bn - $10bn) | 16.8 |
| Small Cap (<$1bn) | 1.6 |

## Investing in the Trust and Shareholder Information

### 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

Details of the different ways of dealing in the company's shares are given on the website. Equiniti, the company's registrars provide an internet share sale service.

| | |
|---|---|
| **Telephone** | 0800 876 6889 |
| **Online** | www.shareview.co.uk |

### Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme or an ISA.

### Corporate Contacts

**Registered Office and Website**

16 Palace Street, London SW1E 5JD
www.polarcapitaltechnologytrust.co.uk

**Custodian**

HSBC Plc is the Depositary and provides global custody of all the company's investments

**Registrar**

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
www.shareview.co.uk

### Trust Characteristics

| | |
|---|---|
| Launch Date | 16 December 1996 |
| Year End | 30 April |
| Results Announced | Mid July |
| Next AGM | September 2020 |
| Continuation Vote | 2020 AGM |
| Listed | London Stock Exchange |

### Codes

**Ordinary Shares**

| | |
|---|---|
| ISIN | GB0004220025 |
| SEDOL | 0422002 |
| London Stock Exchange | PCT |

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis.

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

Note: Totals may not sum due to rounding.

# Fund Manager Comments

As at 28 February 2020

## Market review

Global equity markets fell in February, the MSCI All Country World declining 4.9%, while the S&P 500 and DJ Euro Stoxx 600 declined 5.1% and 5.9% respectively (all returns in sterling terms). For much of the month equities were seemingly immune from the coronavirus (COVID-19) threat, diverging from the bond market, but closed the month with the worst weekly decline since the global financial crisis.

In China, where the outbreak first emerged, economic activity came to a virtual standstill as the government imposed strict travel restrictions on nearly half the population to combat the spread of the virus. Post-month end, the China Caixin Manufacturing PMI for February was released, plummeting from 51.1 to 40.3, the lowest reading since the survey was launched in early 2004. Despite the obvious impact on Chinese demand and the risk to global supply chains, equity markets were relatively resilient, supported by stimulus from the People's Bank of China (PBOC) including rate cuts and liquidity injections (1.2trn RMB). With most economic statistics backward looking, and everybody attempting to predict future headwinds caused by the spread of the virus around the world, the market also largely ignored Japan's weak (pre-virus) Q4 GDP report (-6.3% versus -3.8% forecast), exacerbated by the first consumption tax hike in five years (from 8% to 10%).

The prevailing 'bad news is good news' (investors anticipating more central bank liquidity, monetary easing and fiscal stimulus) held until the last week of the month when it became apparent that the virus was not contained to China, having spread to more than 60 countries around the world. By then it was clear, with South Korea, Iran and Italy all experiencing soaring infection rates while new cases emerged in the US, UK and Germany which had no link to known cases, suggesting that containment via infection tracking was no longer enough.

Many economic statistics started to show weakness – the US Flash Markit Composite PMI fell from 53.3 to 49.6 in February, signalling the first fall in business activity since 2013 and the US government shutdown. Of more concern to us was that the US treasury market was also indicating elevated recession risk, the 10-year yield falling from 1.52% to 1.13%, as capital flowed into safe havens.

Meanwhile, policymakers around the world tried to reassure nervous citizens and investors alike. On 3 March, reassurance turned into action with the US Federal Reserve cutting interest rates by 50bp at an emergency FOMC meeting. Although the initial market reaction was positive, we were left worrying that the Fed was telegraphing that economic disruption would be much more significant than expected. We therefore accelerated our portfolio repositioning that had been underway since early February, preparing for a tougher economic outlook and rotating towards stocks with strong financial positions, able to emerge from this crisis stronger.

Since then, in response to the worsening virus outbreak and the growing economic headwind from containment measures, we have seen the US, UK, China and many other countries unleash significant monetary and fiscal stimulus, and emergency legislation to support the economy and the financial system. At the time of writing, the Fed has unleashed a 'monetary bazooka', slashing interest rates to zero (their lowest level since 2015) and initiating a massive $700bn QE programme along with other measures designed to ensure financial stability.

## Technology review

The technology sector followed the overall market in February, suffering a substantial pullback and giving back the entirety of its year-to-date gains. However, the sector continued to outperform the broader market with continued leadership likely reflecting the future role that technology will play in solving issues for a global workforce that will need to work (and play) from home for an extended period of time. In addition, technology stocks continue to boast a strong aggregate balance sheet relative to several other sectors that exhibit more cyclicality and are more capital intensive.

The month itself saw a number of companies 'come to the confessional' having been relatively unscathed beyond some supply chain disruption in China, where factories were beginning to slowly come back online after Chinese New Year. Much of the team has been out meeting companies at various sell-side conferences recently and the feedback was similar. Apple was the first high profile company to withdraw its March quarter revenue guidance. This was not unexpected due to Apple's high exposure to China, both in terms of demand and supply. Within a week a host of other companies followed suit including Microsoft, PayPal Holdings, Mastercard, Booking Holdings* and Microchip*. However, these resets/warnings were relatively modest, coming just a few days into the virus becoming a pandemic.

In software, Salesforce.com delivered a strong earnings report with revenues, bookings and EPS all beating sell-side forecasts. Current Remaining Performance Obligation (CRPO) bookings growth was up 27% y/y in constant currency. Unfortunately, robust results were overshadowed by news that co-CEO Keith Block was stepping down. Autodesk also defied fears over a weakening macro environment by delivering earnings above expectations. However, we chose to subsequently exit the position as the company is likely to be negatively impacted by slower global growth. Synopsys reported better than expected results with both revenues and EPS above expectations, but the stock traded lower because management did not pass through the Q1 upside into FY20 guidance.

Axon Enterprise reported strong financial results with a big revenue beat driven by sales of the new Axon Body 3 (AB3) camera – 83,000 body camera units were sold, exceeding the company's goal of 60,000 units. There is clearly pent-up demand for these new LTE-enabled body cameras. Axon Enterprise also added 36,000 Evidence.com seats up from 22,000 during the previous quarter. Initial 2020 guidance was mixed as revenue exceeded consensus while EBITDA was low due to higher R&D and infrastructure investments. However, the one notable disappointment during the month was LivePerson where strong billings growth of 51% y/y was overshadowed by weaker than expected full-year profitability and Q1 revenue guidance, a shift in sales strategy and a change of CFO. The combination proved too much for us and we opted to exit the position alongside sales of other lower conviction holdings given the more challenging backdrop.

## How has coronavirus changed our positioning?

No-one really knows how this will play out as even the medical experts cannot agree. We are focused on maintaining a portfolio of high-quality growth companies with secular tailwinds with a strong bias towards those with clean balance sheets in areas we believe will be less impacted by an economic downturn that are likely to emerge stronger once this challenging period has passed. Companies with high levels of recurring

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## Fund Manager Comments

As at 28 February 2020

revenue and strong balance sheets should be able to withstand a couple of very challenging quarters.

Turning to our portfolio positioning, we are currently anticipating 6-12 months of significant economic headwinds following which we expect the technology sector to emerge stronger with many of our companies being 'part of the solution'. Just as 9/11 forced a fundamental rethink about disaster recovery and contingency planning, so we expect COVID-19 to accelerate the move to the cloud in order to support mass-scale remote work.

While not abandoning every stock with economic sensitivity (which is impossible) we believe we have rotated away from most cyclical areas, including travel, payments, small business (SMB) and advertising, as well industrial/auto and associated robotics and semiconductor stocks. We have also reduced and/or sold stocks we felt would be directly negatively impacted by behaviour changes, such as less online dating, cinema going, Uber usage etc, and those software stocks which require big ticket, upfront investment and/or long implementation cycles.

All of this said, we expect to see some long-lasting behavioural changes even as this current phase of containment and social distancing passes (and that may be longer than we all hope). Fortunately for us, many of these are likely to require increased technology investment, albeit balanced against near-term economic pressures. As always, we remain very focused on portfolio liquidity and took the decision early to exit some of our smaller, less liquid holdings. The Trust remains very liquid, with 95% of the portfolio tradable to cash in one day, according to traditional measures.

Companies set to benefit from a distributed/flexible/secure workforce (enabling us all to work from home) include software as a service (SaaS) companies that deliver distributed cloud solutions, hyperscale platforms that provide the storage and compute, and even the likes of Advanced Micro Devices and Intel who should enjoy increased cloud server demand and home PC refresh cycles. In the portfolio, we reduced Facebook (online advertising) and Uber Technologies (fewer trips) while exiting Square (less POS transactions/SMB exposure/credit risk) and Dolby Laboratories (reliant on consumer electronic sales with some cinema exposure) among others. We also sold Autodesk, Aspen Technology and Yaskawa reducing our robotics/industrial design exposure.

On the buy side, we added to 'stay at home' beneficiaries including Netflix, Spotify, Amazon and Alibaba Group while purchasing new positions involved in content delivery and security which should fare relatively well in this environment. We also added to our 5G-exposed names including Apple, Lattice Semiconductor, Mediatek and Keysight Technologies, as well as PC and server exposure with the need to support remote work likely to drive near-term demand at home and in the data centre.

While there is likely to be significant buffeting during the next few months, we expect many of our core secular themes to be buttressed by the impact of coronavirus. Once the near-term disruption passes, we expect companies like Amazon and Alibaba Group to emerge stronger in both retail and cloud computing. SaaS is a long-term core theme for us – the current valuation reset should provide us with an opportunity to rebuild our exposure to these recurring revenue businesses.

Technology should also benefit from increased infrastructure investment, especially in areas like 5G, with more of the global workforce requiring remote/mobile bandwidth and reduced latency and with lots of new devices coming in 2021 (although it is highly possible some device launch dates will slip). We also see a growing focus on clean/green and sustainable living including a growing focus from us, our investors and our investments on ESG, an area that we will look for opportunities to increase our exposure.

### Outlook

COVID-19 represents one of those generational moments when normality is suspended. Usually, these are deeply personal moments occurring when the normal passage of life is interrupted by news of serious illness, or an unexpected development that changes everything. However, COVID-19 – which began as a 'nasty flu' in one region of China – has truly become a global pandemic with the potential to change everything. Earlier this week, the US Federal Reserve cut interest rates by 100bps to zero and restarted full blown QE. They did this on a Sunday, preferring not to wait three days until their scheduled meeting. As a kid, when encountering turbulence flying, my late father used to reassure me by pointing out that the only time to really worry was when the cabin crew looked panicked. Well, if the remarkable amount of monetary and fiscal stimulus announced globally over the past few weeks is anything to go by, policymakers are scared.

What we know is that a global recession is now a forgone conclusion. Former chief economist of the IMF Kenneth Rogoff (no relation) believes the odds of a global recession are over 90%. Two months ago, we were looking forward to a post-trade war recovery; today, recession. We also know there is a lot of debt in the world – $244trn to be precise, worth more than 3x global GDP. The unusual investment backdrop, including record low interest rates, has encouraged more and more borrowing, more cash M&A and debt-for-equity swaps that weaken balance sheets but deliver instant accretion. These tools have been particularly popular in sectors and subsectors where top-line growth has been hard to come by – fortunately less so in the technology sector.

The ill-timed collapse of OPEC+ not only challenges petrostates, but also US shale and their lenders including US community banks. Where airlines would normally benefit from cheaper fuel, travel embargos and demand destruction instead leave the aviation (and wider travel) industry in arguably its most parlous state since the second world war. It will not be business as usual even in economic-insensitive areas like medical equipment with health systems close to breaking point. Even the well-capitalised and cash-generative technology sector will be hit by weaker consumer and business confidence alike.

This is a global problem. At the time of writing the VIX is at 75, on par with the depths of the 2008 financial crisis. As investors, we expect to experience moments like this only a handful of times in our careers. Usually they prove to be buying opportunities, but we will continue to tread carefully even as we begin to rebuild our core names on weakness, focusing on robust businesses able to navigate these unprecedented times.

All is not lost. Yes, there will be plenty of turbulence in the weeks ahead, with volatility likely to remain heightened as we consider outcomes that just weeks ago were considered impossible. However, as uncomfortable as things may get over the coming weeks and months, we will get through it. Policymakers are alive to the risk and will do whatever it takes to preserve the financial system – and the virus will pass. We need politicians to come together like they did during WW2 (arguably the most analogous period to the current crisis) and deliver the massive stimulus necessary to prevent temporary paralysis from causing a Steinbeckian downward spiral.

Although we have reduced both Facebook and Google due to their exposure to advertising spending, the portfolio continues to sport outsized absolute positions in the so-called Fab 5 (Apple, Alphabet, Amazon,

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Facebook and Microsoft). Each will likely be challenged over the coming weeks and months but during times like this we would much rather worry about the right price to pay for a well-capitalised natural monopoly than be worrying about whether there will be any equity value left in the end. Equally, we rarely invest in companies where outcomes are binary or require significant capital (we estimate <2% of NAV at present), nor do we invest in private companies which are difficult to value and impossible to exit during times like this. We also rarely employ gearing; at present, the Trust has c4-5% in cash, augmented by a modest amount of NDX put options designed to further ameliorate our portfolio beta.

We will come through this, but when and how is difficult to say. The Fed has stopped publishing its own dot plot for now because it cannot know what impact coronavirus will have and nor can we. At a time when people are hoarding toilet paper and fighting over hand sanitiser, it is very difficult to know what the price of an asset should be. Normality will return. We will beat the virus. When we do, the human race – and the financial markets – will give it a massive Churchillian V-sign sendoff. Until then, we will do our best to participate in future gains while remaining focused on limiting the relative damage associated with further declines by doing what we think we do best – focusing on the key technology trends and companies able to withstand and potentially benefit from these testing times.

*Not held

**Ben Rogoff**

16 March 2020

## Polar Capital Technology Trust Management Team

**Ben Rogoff**

**Partner, Technology**

Ben has managed the Trust since 2006, he joined Polar Capital in 2003 and has 24 years of industry experience.



**Nick Evans - Partner**

**Fatima Iu - Fund Manager**

**Xuesong Zhao - Fund Manager**

**Alastair Unwin - Fund Manager/Analyst**

**Chris Wittstock - Senior Investment Analyst**

**Bradley Reynolds - Investment Analyst**

**Paul Johnson - Investment Analyst**

**Nick Williams - Investment Analyst**

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**Holdings** 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 Company. 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 Company's best interest to do so. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. This document is not a recommendation to purchase or sell any particular security. It is designed to provide updated information to professional investors to enable them to monitor the Company.

**Benchmarks**

The following benchmark index is used: Dow Jones Global 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 as benchmarks volatility and other material characteristics that may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Company may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Company may incur. 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. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund was similar to the indices in composition or risk. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

**Regulatory Status** 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, 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers 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 materially favourable rights, 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 Registrar on 0800 876 6889. 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 estimates of actual returns Polar Capital may achieve. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that have not and may not take place.

**Performance/Investment Process/Risk** Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Factors affecting the Company's performance may include changes in market conditions (including currency risk) and interest rates and in response to other economic, political, or financial developments. The Company's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Company to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Those in possession of this document must read the Company's Investment Policy and Annual Report for further information on the use of derivatives. 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), or guaranteed by any bank, and may lose value. 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.

**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 or prospectus for a description of the investment allocations as well as the risks associated therewith. Please note that the Company may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Company is dependent on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the Company while minimizing its risk. The actual investments in the Company may or may not be the same or in the same proportion as those shown herein.

**Country Specific Disclaimers** The Company 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 document 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.