

## Trust Fact Sheet

31 March 2015

## Company Profile

### Investment Objective

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

### Investment Rationale

Over the last three 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 broader market, reflecting the longer-term secular uptrend in technology spending.

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, and exploiting international valuation anomalies and sector volatility.

### Trust Facts

#### Ordinary Shares

Share Price	580.50p
NAV per share	610.58p
Premium	-
Discount	-4.93%
Capital	132,336,159 ordinary shares of 25p

#### Assets & Gearing <sup>1</sup>

Total Net Assets	£808.0m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	1.06%

### Benchmark

Dow Jones World Technology Index Total Return adjusted for withholding taxes (from 1 May 2013)

### Fees <sup>2</sup>

Management	1.00%
Performance	15% over Benchmark

### FX Rates

GBP/USD	1.4845
GBP/EUR	1.3822
GBP/JPY	178.0287

### Risk Warning

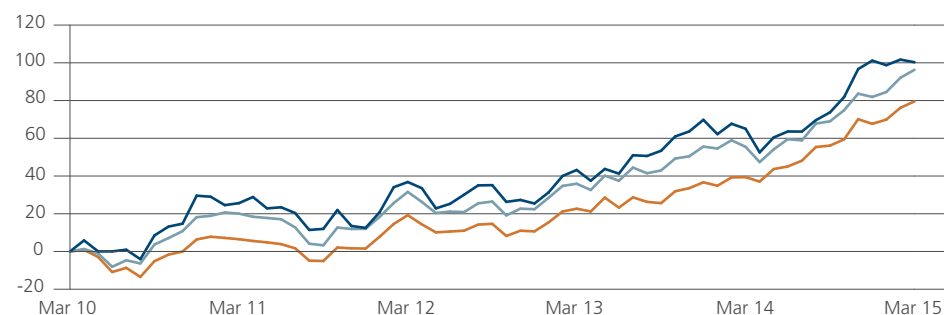
Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 4 and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

### 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.

## Performance

### Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
■ Ordinary Share Price	-0.68	-0.43	15.29	21.37	100.31
■ NAV per Share	2.20	7.92	16.15	26.28	96.30
■ Benchmark	1.92	7.10	15.01	28.78	79.56

### Discrete Annual Performance (%)

	30/04/14	30/04/13	30/04/12	28/04/11	30/04/10
	31/03/15	30/04/14	30/04/13	30/04/12	28/04/11
Ordinary Share Price	31.33	10.92	2.97	3.61	21.74
NAV per Share	33.18	11.17	5.01	6.64	16.88
Benchmark	31.03	13.07	5.98	8.12	4.87

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return. 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 in the latest Report and Accounts.

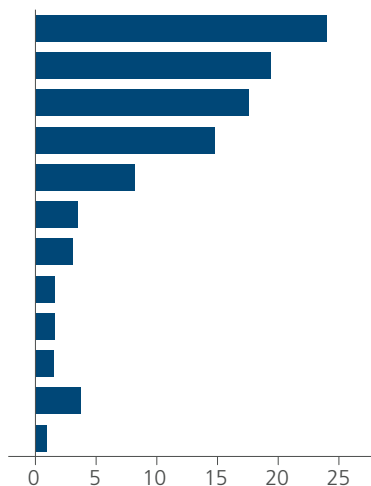
# Polar Capital Technology Trust plc

## Portfolio Exposure

As at 31 March 2015

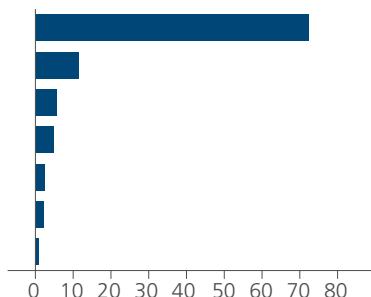
### Sector Exposure (%)

Internet Software & Services	24.0
Software	19.4
Semiconductors & Semiconductor Equip.	17.6
Tech. Hardware, Storage & Peripherals	14.8
Communications Equipment	8.2
Elec. Equip. Instruments & Components	3.5
Internet & Catalog Retail	3.1
Healthcare Technology	1.6
IT Services	1.6
Machinery	1.5
Other	3.7
Cash	1.0



### Geographic Exposure (%)

US & Canada	72.5
Asia Pac (ex-Japan)	11.4
Europe (ex UK)	5.6
Japan	4.8
UK	2.4
Middle East & Africa	2.4
Cash	1.0



### Top 15 Holdings (%)

Apple	10.7
Google (Class A & C shares)	7.3
Facebook	4.2
Cisco Systems	2.6
Microsoft	2.5
Intel	2.1
Oracle	1.9
Tencent	1.9
Samsung Electronics	1.9
Baidu	1.8
Salesforce.com	1.5
TSMC	1.5
Amazon	1.5
Red Hat	1.4
Arm Holdings	1.3

**Total** **44.1**

**Total Number of Positions** **126**

### Market Capitalisation Exposure (%)

Large Cap (>\$10bn)	71.0
Mid Cap (>\$1bn - \$10bn)	23.1
Small Cap (<\$1bn)	5.9

## 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](http://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

4 Matthew Parker Street, London SW1H 9NP  
[www.polarcapitaltechnologytrust.co.uk](http://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](http://www.shareview.co.uk)

### Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid June
Next AGM	September 2015
Continuation Vote	2015 AGM
Listed	London Stock Exchange

### Codes

#### Ordinary Shares

ISIN	GB0004220025
SEDOL	422002
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.

# Polar Capital Technology Trust plc

## Fund Manager Comments

As at 31 March 2015

### Market Review

Global equities initially sold off in March, but subsequently pared their losses ending the month 2.1% higher, as measured by the FTSE World Index in weakening sterling terms. The initial sell off was caused by concerns over the timing of US rate hikes, a strong US Dollar and slowing growth in China. However, early losses were ameliorated by Fed Chairwoman Janet Yellen's comments that interest rate hikes would be gradual to avoid undermining US economic expansion together with speculation that China would take further action to support its economy. The standout performer in equity markets during the month was the Shanghai CSI 300 Index which returned a remarkable +19.3% in sterling terms. The month of March saw the ECB commence quantitative easing (QE) and the continuation of the 'central banks' theme, which provided strong tailwinds for equity markets while causing significant foreign exchange volatility. In local currency terms, European equity markets delivered strong returns, most notably the German DAX at +5.0% and the Spanish IBEX at +3.1%. US stocks trailed due to weaker recent economic data, the absence of US QE and negative revisions to S&P 500 earnings expectations, which have left EPS estimates embedding little to no growth this year due to the combination of sharply lower energy prices and the strengthening dollar. Moribund US returns (relative to global equities) were buttressed by USD strength, the trade-weighted dollar (DXY) gaining 3.2% (and +9% for the calendar year). This move was even more impressive in light of the Fed's more recent dovish stance and a disappointing March non-farm payroll number that suggests that the US central bank may keep rates lower for longer.

### Technology Review

The technology sector trailed the broader market during the month, in part reflecting the relative underperformance of US equities, with the Dow Jones World Technology Index gaining 1.8% in sterling terms. Although March is typically a quiet month for corporate newsflow, it proved anything but in the semiconductor sector, with SanDisk (not held) and Intel (underweight) both negatively pre-announcing disappointing first-quarter results; the latter citing PC weakness and FX headwinds. TSMC also weighed on sentiment when it commented on an FX-related slowdown, raising fears that demand weakness might have extended beyond the PC market. However, it was not all doom and gloom within the semiconductor subsector as M&A continued apace with NXP (held) and Freescale (not held) agreeing to merge in a deal worth a combined enterprise value of \$40bn, while US specialty memory supplier ISS (held) was acquired by a Chinese consortium. There was also speculation towards month-end that Intel was looking to acquire Altera (not held) leading to a +20% jump in Altera's share price, although – at time of writing – media reports suggest that talks have ended without a deal being concluded.

Beyond the semiconductor sector, earnings progress was more encouraging, with a number of off-quarter companies delivering ahead of expectations despite formidable FX headwinds. Larger deal sizes helped open-source software company Red Hat (held) post a strong quarter with +22% billings growth well ahead of expectations, while a mixed report from Oracle (underweight) was supported by progress in its cloud offerings. IT services company Accenture (not held) also reported a robust quarter, with growth in their digital business offsetting an 11% foreign-exchange headwind. However, it was cyber security vendor Palo Alto Networks (held) that stole the show with another strong 'beat and raise' (billings growth accelerating to 51% year-on-year), aided by a supportive backdrop for security spending given the increasing magnitude and ferocity of cyberattacks.

### Outlook

Despite the encouraging start to the year in most equity markets, we remain positive about the prospects for further gains as investors continue to scale the proverbial 'wall of worry' (valuations, USD strength, Greece, China etc). However, we expect returns within the technology sector to become increasingly uneven as macro headwinds (especially FX) are more keenly felt by growth-challenged incumbents that are already struggling to contend with slowing/negative growth in key legacy markets such as PCs. This view received a timely boost during March with Intel resetting expectations in-line with our thesis that stabilising PC unit growth last year (flat, versus -10% in 2013) was an XP-expiry related ceasefire, rather than a PC 'fightback'. As we have previously argued, we expect new cycle disruption to become increasingly apparent this year with pronounced US Dollar strength likely to focus investor attention on moribund/negative revenue growth at a number of technology incumbents. Indeed, IT experts Gartner recently slashed their 2015 IT budget expectations from 2.4% to minus 1.2% with USD strength responsible for 300bps of the downward revision (and weaker demand responsible for the remainder). As such, 2015 is looking increasingly

like a year where growth within (and beyond) the technology sector will become increasingly scarce which – unlike last year when PE expansion obfuscated our relative earnings profile – should suit our growth-centric investment approach.

In contrast with the travails of traditional, enterprise-centric IT, we are struck by the pace of innovation everywhere else we look. Cloud adoption appears to be inflecting with SMBs likely to have migrated more than 20% of their workloads to public clouds by the end of the year according to Morgan Stanley, while nearly 30% of all applications are said to be consumed as a service today. This cloud migration is likely to be supported by the alarming increase in cyberattacks (42.8m detected incidents in 2014) where most, if not all of the highest profile breaches have been occurring within the enterprise (rather than in the Cloud where data has incorrectly been perceived to be less secure). Cheap and increasingly pervasive cloud computing is continuing to fuel innovation everywhere, aided by rising levels of smartphone penetration which is changing consumption patterns and dramatically accelerating adoption. Nowhere is this clearer than in the Internet sub-sector where advertising budgets continue to shift online (where media is increasingly consumed) and where eCommerce remains only 6.5% of US retail sales. The advent of new vertical marketplaces and consumer-to-consumer applications epitomised by Uber and AirBnB is accelerating technology encroachment into traditional offline markets. This dynamic (technology reinvention) appears to be playing out across a range of huge new markets (media, payments, gaming, automotive, healthcare).

We are also encouraged by an exciting and broad pipeline of emerging technologies, many of which have been made possible by the same deflation that appears to be catching up with many of the incumbents we eschew. Near-term, the Apple Watch is likely to prove an interesting litmus test of whether or not consumers are ready to embrace wearable computing. Hit or not, wearable computing and the broader Internet of Things (IoT) theme are likely to prove massive new markets as technology becomes increasingly invisible over the coming years. In addition, we are excited about other emerging themes including robotics, big data and virtual/augmented reality, each of which are likely to prove transformative in time.

## Polar Capital Technology Trust Management Team

### Ben Rogoff

#### Director, Technology

Ben has managed the Trust since 2006, he joined Polar Capital in 2003 and has 19 years of industry experience.



### Nick Evans - Senior Fund Manager

### Fatima Iu - Fund Manager

### Xuesong Zhao - Fund Manager

### Bradley Reynolds - Investment Analyst

### John Gladwyn - Investment Analyst

### Paul Johnson - Investment Analyst

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