Polar Capital Technology Trust plc

Trust Fact Sheet
31 March 2016

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.

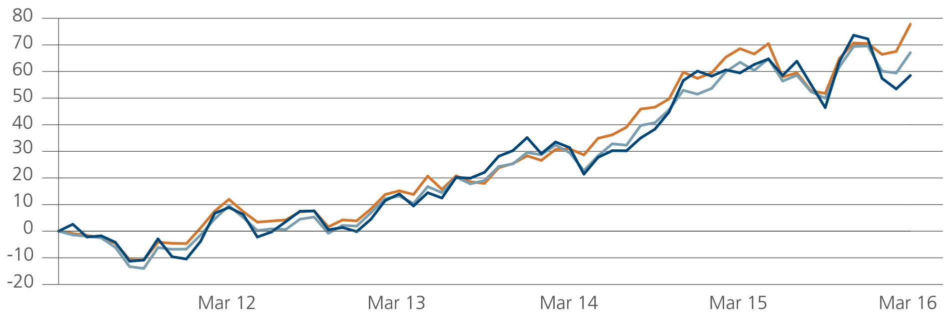
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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.

Performance

Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
Ordinary Share Price	3.31	-7.97	8.26	-0.60	58.52
NAV per Share	4.81	-1.45	11.45	2.23	67.11
Benchmark	6.11	4.28	17.17	5.46	77.79

Discrete Annual Performance (%)

	30/04/15 31/03/16	30/04/14 30/04/15	30/04/13 30/04/14	30/04/12 30/04/13	28/04/11 30/04/12
Ordinary Share Price	-2.53	33.94	10.92	2.97	3.61
NAV per Share	4.17	30.69	11.17	5.01	6.64
Benchmark	6.74	29.46	13.07	5.98	8.12

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.

Trust Facts

Ordinary Shares

Share Price	577.00p
NAV per share	624.19p
Premium	-
Discount	-7.56%
Capital	132,336,159 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£826.0m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	4.06%

Benchmark

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

Fees [2,3]

Management	1.00%
Performance	15% over Benchmark

FX Rates

GBP/USD	1.4373
GBP/EUR	1.2613
GBP/JPY	161.5453

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.

1. Gearing calculations are exclusive of current year Revenue/Loss.
2. Management fee is 1% of net assets up to £800m and 0.85% on assets over £800m.
3. The performance fee is subject to a highwater mark and cap. Further details can be found in the latest Report and Accounts.

Awards & Ratings

MONEY OBSERVER RATED FUND 2016

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

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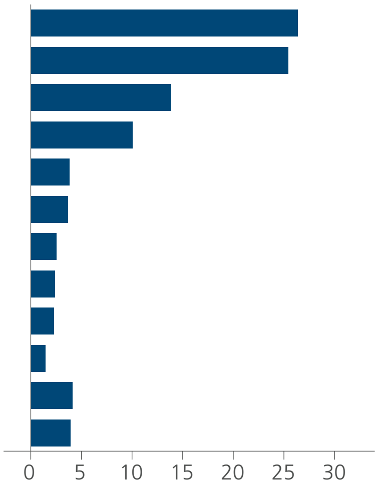
Polar Capital Technology Trust plc

Portfolio Exposure

As at 31 March 2016

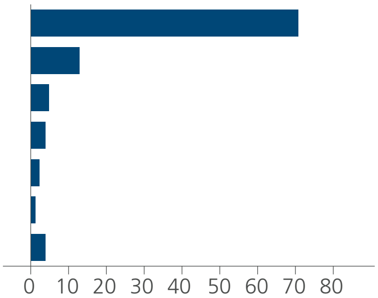
Sector Exposure (%)

Internet Software & Services	26.4
Software	25.4
Semiconductors & Semiconductor Equip.	13.9
Tech. Hardware, Storage & Peripherals	10.1
Communications Equipment	3.8
Internet & Catalog Retail	3.7
Elec. Equip. Instruments & Components	2.5
IT Services	2.4
Healthcare Technology	2.3
Machinery	1.5
Other	4.1
Cash	3.9



Geographic Exposure (%)

US & Canada	70.8
Asia Pac (ex-Japan)	13.0
Europe (ex UK)	4.8
Japan	4.0
UK	2.3
Middle East & Africa	1.2
Cash	3.9



Top 15 Holdings (%)

Alphabet	9.3
Apple	7.6
Microsoft	6.4
Facebook	5.4
Amazon	2.6
Alibaba Group Holding	2.4
Tencent	2.0
Splunk	1.9
Intel	1.8
TSMC	1.5
Salesforce.com	1.5
Netsuite	1.4
Cisco Systems	1.3
Visa	1.3
Baidu	1.2
Total	**47.6**

Total Number of Positions **126**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	65.1
Mid Cap ($1bn - $10bn)	27.0
Small Cap (<$1bn)	7.8

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 June
Next AGM	September 2016
Continuation Vote	2015 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.

Polar Capital Technology Trust plc

Fund Manager Comments

As at 31 March 2016

Market Review

Equity markets rebounded strongly in March with the FTSE World Index gaining 3.5%, while the S&P 500 delivered a 3.0% gain (in GBP terms). Commodities and emerging markets rebounded particularly strongly with oil being the notable standout performer (Brent +8.3%). Action from global central banks also helped risk appetite – reminding investors that policy makers remain on side and alert to the risks of a slowing global economy. The ECB reiterated its "whatever it takes" stance by introducing additional stimulus measures via an expansion of the quantitative easing (QE) programme and lowering the interest rate corridor, while the Federal Reserve struck a surprisingly dovish tone, with its "dot-plot" now indicating two rate hikes for this year (from the previous four). The US Dollar weakened as a result, with the Dollar Index finishing the month down 3.7%. Unfortunately, the corresponding strength seen in the Japanese Yen is proving to be a headache for the Bank of Japan, which only last month introduced a negative deposit rate to no avail, with the Yen breaching the psychologically important 110/$ level at the time of writing.

Labour market conditions in the US continue to improve with yet another solid Non-Farm Payrolls number in March. The US ISM manufacturing index came in at 51.8 and moved into expansionary territory for the first time in five months. The China Manufacturing PMI in early April also suggested the recent contraction was over, with a reading of 50.2, the first positive print since July 2015. These data points, amongst solid earnings reports and a generally upbeat tone from company management teams (and we have met many of them over recent months), have also allowed recession fears to dissipate, but we have yet to escape the slower growth narrative endemic in many parts of the world today.

Technology Review

The Technology sector outperformed the broader market during the month, the Dow Jones World Technology Index gaining 6.1% (in GBP terms). Although March is usually a quiet month, off-quarter reports were generally strong, even from some of the larger incumbents with Adobe, Oracle, Red Hat and Accenture all delivering above expectations. Adobe beat subscriber expectations once again and raised full year guidance. Oracle delivered its first in-line quarter for a year, with growing optimism around the company's cloud transition, despite corresponding traditional license declines. Red Hat delivered a 'beat and raise' with full year guidance well received against tougher year-over-year (y/y) comparisons. These results provide further support to our view that the demand picture is much more stable than the equity market volatility in February suggested. Feedback from the team's recent trips to the US and Asia has remained very positive, with few signs of macro concerns impacting demand for our portfolio companies and stocks on our watch list, albeit with one caveat; that few of our meetings were with larger incumbent suppliers (where it is clear that PC/smartphone demand remains lacklustre and where emerging market weakness/new cycle deflation are constraining overall IT spending).

In what must be the most low-key iPhone launch to date, Apple also released its new iPhone SE late in March, with the hope that it will drive incremental low end sales due to its strong specifications, (surprisingly similar to the 6S with better battery life but differentiated by its smaller screen) and aggressive $399 price point (the lowest ever for a new iPhone). The key question to us is whether the SE will ultimately prove cannibalistic or market expanding (by allowing Apple to take share in the sub $450 price segment). A positive take would be that to pack so much technology into a low end device, Apple ought to be feeling positive about the iPhone 7 launch expected in autumn this year. Although we expect Apple's best years of growth are behind it, we think the company is best understood as an inexpensively valued mass-affluent/luxury consumer goods company with longevity which explains our large (but underweight) position.

Market Outlook

We were not surprised to see markets recovering much of their year-to-date losses, given our belief that the US economy remained healthier than many believed earlier in the year. We are also encouraged that recent commentary and action suggests that policymakers, both in the US and further afield, remain alive to the risks to global growth associated with commodity price weakness and US Dollar strength. That said, we expect volatility to remain elevated given the remarkable recent correlation between energy prices and risk assets, while the prospect of rising (US) interest rates may limit multiple expansion going forwards.

Despite this we remain constructive on the outlook for our approach, both within the technology sector and versus broader markets. While the technology sector appears cheap and boasts the strongest balance sheets of any sector, we believe many of the larger incumbents face mounting deflationary headwinds which creates an underappreciated yet growing risk to revenue and earnings forecasts. It is clear that cheap cloud/mobile-centric technologies and rental models of computing are becoming the default choice, capturing 'all' of the incremental IT spending (Amazon AWS, an $8bn run rate business growing circa 70% y/y with pricing way below that of its legacy competitors is the highest profile example of this). Fortunately, we continue to eschew larger incumbents in favour of next-generation growth stocks, many of which are beneficiaries of these trends. We, therefore, feel far from the epicentre of the current market risks – our stocks boast significant net cash positions, offer strong secular growth with scope for operating leverage, selling largely into US and European markets (with the exception of a handful of Chinese Internet stocks) while offering relatively limited regulatory/electoral risk (perhaps rising international tax rates being the only notable headwind).

In addition to encouraging portfolio fundamentals, valuations also appear compelling to us. High growth and smaller stocks have suffered c.24 months of multiple compression, with two particularly acute phases – February to April 2014 and 2016 year-to-date. Two years ago, valuations were much fuller – with stocks having experienced multiple expansion post the 2011 'growth scare' and M&A activity providing a notable tailwind to multiples in 2012-13. To us, the current period feels much like that post 2011 experience, with elevated risk aversion leading many of our stocks to be overlooked such that valuations in many of our preferred areas like Software as a Service, Internet, Cybersecurity and Cloud are now at a significant discount to five-year averages (even after the recent rebound). At the February lows, valuations were highly compelling, with many stocks pricing in a high probability of an '08/'09 like global recession, something we believe is unlikely. As such we invested some of our liquidity during this phase. More recently, we have raised a little cash – but only as a tactical measure given investors remain jittery and we are firmly in first quarter pre-announcement season, a period typically skewed to negative news. As we progress into earnings season itself, we intend to move back towards a more fully invested position, taking advantage of market or stock specific weakness as it presents itself.

While short-term market timing is incredibly difficult, further significant multiple compression for our stocks seems unlikely – absent a material deterioration in the macro backdrop, we doubt many will revisit their recent lows. Over the last five years small/mid-cap tech stocks have, however, significantly lagged their larger peers – a backdrop that does not favour our growth/'new-cycle' approach. Now that valuation multiples have compressed, we believe the Trust's superior growth profile should drive strong absolute and relative returns from these levels. While we are not counting on

Fund Manager Comments

As at 31 March 2016

significant multiple expansion, this could also become a favourable tailwind, particularly if we see an acceleration in strategic M&A activity. Fortunately, in recent days the Trust has benefited from its first strategic deal for some time – with small-cap Ruckus Wireless being acquired by Brocade for $1.5bn in cash and stock, a 44% announced premium to the prior day's close.

15 April 2016

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 20 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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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 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.

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