Polar Capital Technology Trust plc

Trust Facts

Ordinary Shares

Share Price	1148.00p
NAV per share	1159.69p
Premium	-
Discount	-1.01%
Capital	133,795,000 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£1,551.6m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	4.40%

Benchmark

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

Fees [2,3,4]

Management	1.00%
Performance	15% over Benchmark
Ongoing Charges	1.01%

FX Rates

GBP/USD	1.3774
GBP/EUR	1.1400
GBP/JPY	150.7165

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

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.

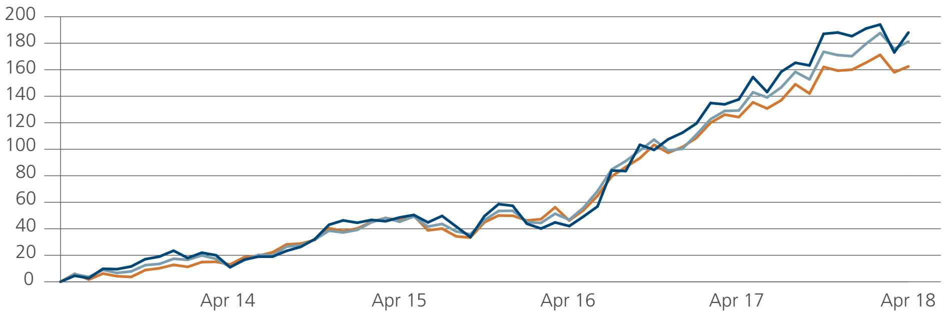
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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, 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	5.51	-1.03	0.35	21.22	188.08
NAV per Share	1.96	0.59	2.80	22.66	181.19
Benchmark	1.73	-1.06	0.16	17.05	162.50

Discrete Performance (%)

	30/04/17 30/04/18	30/04/16 30/04/17	30/04/15 30/04/16	30/04/14 30/04/15	30/04/13 30/04/14
Ordinary Share Price	21.22	67.31	-4.39	33.94	10.92
NAV per Share	22.66	56.13	1.05	30.71	11.17
Benchmark	17.05	53.38	-0.11	29.46	13.07

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. Management fee is 1% of net assets up to £800m, 0.85% on net assets over £800m to £1700m and 0.8% on net assets above £1700m.
3. The performance fee is subject to a highwater mark and cap. Further details can be found in the latest Annual Report.
4. Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.

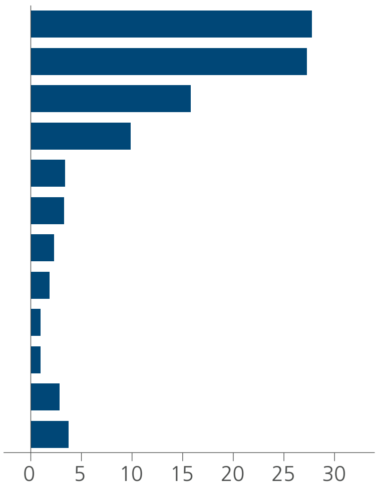
Awards & Ratings

Portfolio Exposure

As at 30 April 2018

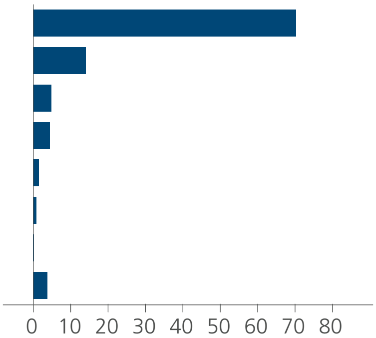
Sector Exposure (%)

Internet Software & Services	27.8
Software	27.3
Semiconductors & Semiconductor Equip.	15.8
Tech. Hardware, Storage & Peripherals	9.9
Elec. Equip. Instruments & Components	3.4
Internet & Direct Marketing Retail	3.3
Communications Equipment	2.3
IT Services	1.9
Healthcare Technology	0.9
Machinery	0.9
Other	2.8
Cash	3.7



Geographic Exposure (%)

US & Canada	70.3
Asia Pac (ex-Japan)	14.1
Japan	4.8
Europe (ex UK)	4.5
UK	1.5
Middle East & Africa	0.9
Latin America	0.2
Cash	3.7



Top 15 Holdings (%)

Microsoft	7.9
Alphabet	7.8
Apple	6.4
Facebook	5.5
Tencent	3.6
Samsung Electronics	3.0
Alibaba Group Holding	2.7
Amazon	2.5
Intel	2.1
Adobe Systems	2.1
TSMC	1.8
Salesforce.com	1.6
NVIDIA	1.4
Texas Instruments	1.3
ASML Holding	1.2
Total	**50.9**

Total Number of Positions 112

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	76.7
Mid Cap ($1bn - $10bn)	22.0
Small Cap (<$1bn)	1.3

^The Fund holds AMD Call options which represent 6bps of NAV and a delta adjusted exposure of 26bps. The Fund also currently holds a QQQ (NASDAQ) Put option, which represents 10bp of NAV and a delta adjusted exposure of -1.42%. All are held to reduce risk/beta (in the event of a market correction) whilst maintaining optimal portfolio structure (efficient portfolio management). The delta adjusted impact of these options is only reflected in the top 15 positions table and all other exposure tables are based on MTM figures.

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	6 September 2018
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 30 April 2018

Market Review

Equities rebounded modestly in April which – aided by weaknesses in the British Pound – saw the FTSE World Index gain 3.0% (in GBP terms). Commodity markets enjoyed a strong month with, Brent Crude rising +8.5% reaching a multi-year high on improved demand/supply dynamics whilst the CRB Index rose +3.4%, reaching its highest level since 2015. This strength likely contributed to higher ten-year US Treasury yields which briefly crossed the 3% level for the first time since 2014, resulting in greater equity market volatility during the month. Meanwhile, a strong start to first-quarter earnings and the cooling of trade war rhetoric between the US and China helped lift market/investor sentiment. A historic summit meeting between the leaders of North Korea and South Korea confirming the common goal of a nuclear-free Korean Peninsula hopefully set the tone for the critical upcoming summit meeting between President Trump and President Kim Jong-un.

Macro data globally remains supportive; Q1 US GDP came in above expectations at an annualised rate of +2.3%, although the Employment Cost Index showed wages and salaries rose +2.9% year-on-year (y/y). This fits with the Federal Reserve's (Fed) preferred inflation gauge, the PCE Index, which rose +2.0% in March achieving the Fed's target rate. Whilst the US economy remains in good shape, European Q1 GDP slowed to an annualised +1.7%, below the +2.8% annualised average of 2017, largely due to unseasonably cold weather in March and ongoing political uncertainty. In Asia the Chinese Manufacturing PMI Index printed at 51.4 while the Non-Manufacturing PMI Index was 54.8, both above consensus expectations.

Technology Review

The technology sector underperformed the broader market during the month, the Dow Jones World Technology Index advancing 1.7% (in GBP terms). The semiconductor sector faced a multitude of headwinds in April as the SOX Index declined -6.4% with a clear divergence of performance between smartphone and PC/Server related stocks. The world's largest foundry TSMC* surprised the market with second-quarter guidance significantly below expectations, citing order weakness in the smartphone segment and growing uncertainty in the crypto mining economy. Apple* and the iPhone X was a key contributor to softness at TSMC, resulting in sustained weakness across the smartphone supply chain. With limited smartphone exposure, and buoyed by +24% y/y growth in its Data Center Group (DCG), Intel* proved a standout by delivering a 'beat and raise' quarter. Advanced Macro Devices* (AMD) also bucked the negative trend with strong performance in both microprocessors and graphics while clarity on cryptocurrency-related revenue and trends reassured investors. On the negative side Xilinx* and Infineon Technologies* detracted from performance during the month as both were caught up in the semiconductor malaise.

Elsewhere, first-quarter earnings season provided a welcome return to company fundamentals as the main driver of stock returns. The majority of the technology bellwethers made a return to form this earnings season and importantly for sentiment, the internet FANGs got their bite back after a period of underperformance. Amazon* produced a strong earnings report including a second consecutive quarter of acceleration in its Amazon Web Service (AWS) business unit. AWS is now a US$19bn business on a trailing 12-month basis and grew an incredible +48% y/y on a constant currency (cc) basis. Along with top-line momentum Amazon delivered operating profit above expectations, predominately due to both AWS and North America Retail. In possibly the most hotly anticipated earnings release of the season given recent negative press, Facebook* delivered strong results confounding sceptics. User growth, revenues and guidance exceeded expectations. Advertising revenues grew +43% y/y cc and importantly one million DAUs were added in North America, reversing the widely discussed decline last-quarter. Alphabet* also delivered impressive top-line revenue growth (+23% y/y cc), although in this case the muted stock reaction was due to an offset from elevated operating costs tied to growth opportunities in areas such as hardware, Cloud infrastructure, YouTube, artificial intelligence and Waymo (self-driving cars).

However, some of the strongest performances thus far were delivered within the software sector led by Microsoft* where growth accelerated to +13% y/y cc alongside operating margin expansion. Revenue, operating margins and EPS were all ahead of consensus as broad-based strength was seen across all markets. ServiceNow* also continued its run of strong results with revenues, subscription billings and operating margins above expectations. Emerging products have grown to 30% of the new business mix, highlighting ServiceNow's momentum selling into non-IT use cases. Customer Service Software as a Service (SaaS) vendor Zendesk* delivered a particularly strong quarter with accelerating billings growth and further evidence of enterprise traction showing up in their key business metrics including net retention rate. Sales execution continues to improve following their sales team restructuring and the share price received a positive reaction. Likewise, email-security software leader Proofpoint* reported another beat on revenues, billings and operating margins. Billings growth of +35% y/y and a raised 2018 guidance demonstrates the strength of Proofpoint's emerging products that now represent over 20% of new and add-on business in Q1.

Post month-end, Apple delivered robust headline earnings/guidance that positively surprised against very low expectations – while units only grew 4% y/y on a sell through basis, an 11% ASP increase drove 14% y/y iPhone revenue growth, accompanied by strong services growth +31% y/y. While the better than expected quarter and positive share price reaction supports our decision to retain a sizable (but material underweight) position in this powerful franchise, it also served to remind that the best of the smartphone market is behind us.

Market Outlook

We remain constructive on equity markets and the technology sector with first-quarter earnings season thus far delivering requisite growth against a backdrop of tax cuts and elevated investor expectations. However, this long expansionary cycle continues to defy the norm with recent economic acceleration fuelling unusually strong earnings growth. As of 4 May 2018 (at which point 81% of the companies in the S&P 500 had reported), the blended y/y revenue and earnings growth were 8.5% and 24.2% respectively (the latter aided by lower corporate tax rates) with 78% of S&P 500 constituents delivering a positive EPS surprise which – if it holds for the quarter – would mark the highest percentage since FactSet began tracking this metric in 2008. Despite this, global equities remain 6-7% off their January highs as earnings progress has been overshadowed by heightened volatility and rising inflation expectations. Against a backdrop of a flattening US yield curve, the power of first-quarter earnings season has been sapped by concerns over 'peak' economic and corporate earnings growth.

While we do not profess to be 'top-down' experts, we regard these fears as 'healthy' and part of the proverbial 'wall of worry' that has been ever-present during this long bull market. Of course, US earnings growth is being flattered by a one-time (but enduring) tax benefit, but strong revenue growth likely reflects more synchronised upward revisions to global growth and growing CEO and consumer confidence "as the shadow of the great financial crisis is removed". That said, and as we have previously suggested, we expect late-cycle strength to create market headwinds (tighter labour markets, rising interest rates/yields) which together with heightened political risk (in all its many current forms) have taken their toll on volatility and valuations.

Fund Manager Comments

As at 30 April 2018

In the US, the combination of softer markets and Q1 earnings progress has seen the forward twelve-month PE ratio of the S&P 500 fall back to 16x, in-line with five-year averages (16.1x). As such, we remain constructive on equity markets although we expect returns to become increasingly dependent on underlying earnings growth (which should favour our approach).

More importantly, our sanguine view reflects strengthening technology fundamentals and greater confidence in our long-held 'new cycle' thesis that appears well supported thus far during earnings season. According to FactSet (and backing out the impact of the DowDuPont combination on the materials sector), the technology sector is currently delivering the highest blended revenue growth of any S&P sector (+16% y/y) and nearly 2x the overall market (+8.5%) rate. In addition to the improved macroeconomic backdrop, the technology sector appears to be a significant beneficiary of fiscal reform via increased capital spending and burgeoning IT budgets as companies opt to reinvest their tax windfalls in order to reinvent themselves/stay relevant during a period of (what we believe is) unprecedented disruption. According to Gartner, worldwide IT spending is now projected to reach US$3.7trn in 2018 with forecast growth of 6.2% y/y the highest in a decade, a view supported by results from many of our holdings and recent company visits.

Despite this strong backdrop, and FX tailwinds, many legacy stocks such as IBM** and Oracle Corp** have continued to deliver moribund earnings – a reminder that technology companies rarely age gracefully as the value of incumbency atrophies thanks to deflation and the so-called Innovator's Dilemma. In contrast, next-generation technology companies – unencumbered by legacy products and pricing – are continuing to deliver strong growth and market share gains, epitomised by the remarkable success of public cloud pioneer AWS. With Cloud adoption estimated at c.21% today, the new cycle is becoming increasingly pernicious. We expect this disruption to intensify over the coming years as deflation permeates up the computing stack while slower (and potentially negative) smartphone unit growth will further increase the pressure on incumbents. In addition, risk associated with trade dislocation is likely to be most keenly felt by mature companies relying on underpenetrated international markets to support their (likely modest) growth aspirations. As such, we believe our jaundiced view of the value of incumbency is likely to continue to be rewarded as these growth-challenged winners of yesterday struggle to meet expectations, maintain margins and engage in greater M&A in order to remain relevant.

In contrast – and so far evident during Q1 earnings season – next-generation companies have continued to deliver ahead of expectations, aided by strong secular drivers such as Cloud adoption and eCommerce. While legacy companies may yet enjoy a cyclical reprieve, we expect next-generation companies to prove the greatest beneficiaries of improved IT spending and budget reallocation as purveyors of the infrastructure, applications and tools necessary to deliver the digital transformations critical to surviving technology-fuelled disruption. As such, we remain confident in our sector's expanding market opportunity and our belief that the internet is reordering the technology landscape. If our long-held thesis is indeed playing out, it should provide a multi-year tailwind for our 'active' growth centric investment approach at a time when technology indices may be weighed down by smartphone maturity and exposure to legacy technologies. We remain excited by eight core secular themes which include eCommerce and digital payments, digital marketing and advertising, cyber and physical security, Cloud computing and artificial intelligence, SaaS, digital content and gaming, robotics and automation and rising semiconductor complexity.

* Held

** Not held

Ben Rogoff

9 May 2018

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 22 years of industry experience.

Nick Evans - Senior Fund Manager

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Chris Wittstock - Senior Investment Analyst

Bradley Reynolds - Investment Analyst

Paul Johnson - 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 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. 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.

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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.

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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.

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