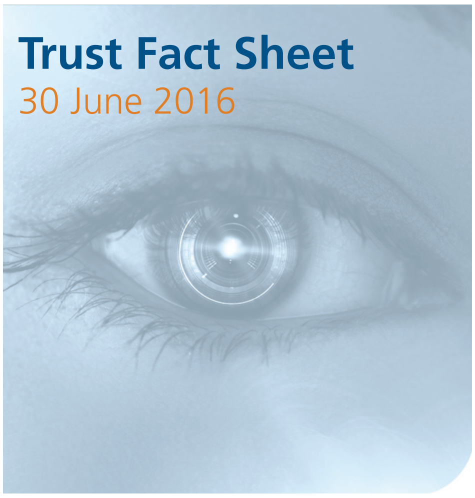
Polar Capital Technology Trust plc



Trust Fact Sheet
30 June 2016

Trust Facts

Ordinary Shares

Share Price	625.00p
NAV per share	694.46p
Premium	-
Discount	-10.00%
Capital	132,336,159 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£919.0m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	5.20%

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	1.3368
GBP/EUR	1.2033
GBP/JPY	137.1423

Company Profile

Investment Objective

The Company aims to maximise capital growth for shareholders 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.

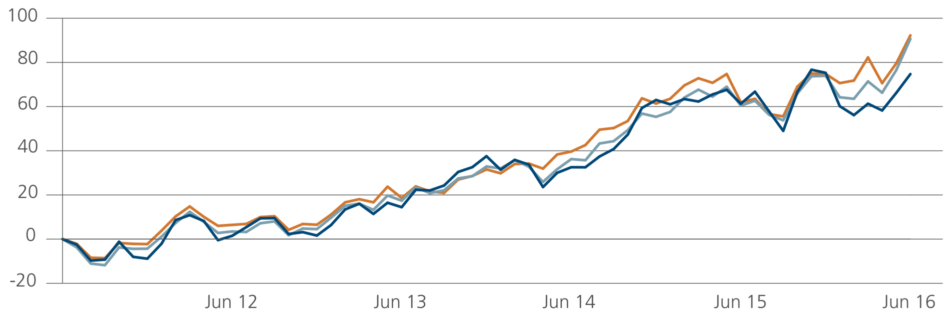
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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	5.13	8.32	-0.32	8.32	74.73
NAV per Share	8.03	11.26	9.64	18.87	90.69
Benchmark	7.06	5.48	9.99	18.73	92.26

Discrete Annual Performance (%)

	30/04/16 30/06/16	30/04/15 30/04/16	30/04/14 30/04/15	30/04/13 30/04/14	30/04/12 30/04/13
Ordinary Share Price	10.42	-4.39	33.94	10.92	2.97
NAV per Share	14.68	1.05	30.71	11.17	5.01
Benchmark	12.71	-0.11	29.46	13.07	5.98

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.

Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 5 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

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

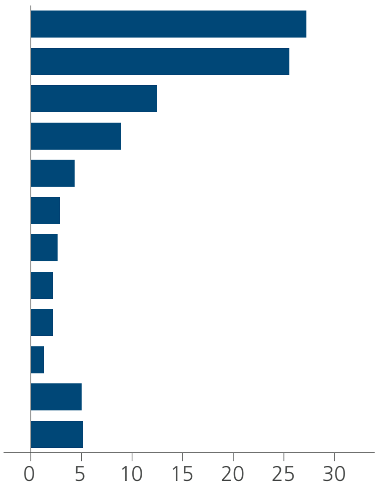
T: +44 (0)20 7227 2721 | **E:** investor-relations@polarcapital.co.uk | **W:** www.polarcapital.co.uk

Portfolio Exposure

As at 30 June 2016

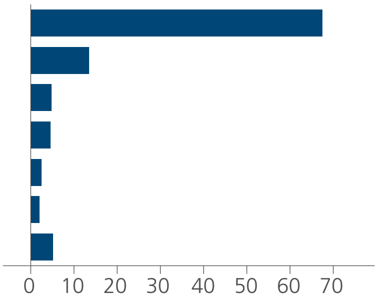
Sector Exposure (%)

Internet Software & Services	27.2
Software	25.6
Semiconductors & Semiconductor Equip.	12.5
Tech. Hardware, Storage & Peripherals	8.9
Internet & Catalog Retail	4.3
Elec. Equip. Instruments & Components	2.9
Healthcare Technology	2.7
Communications Equipment	2.2
IT Services	2.2
Machinery	1.3
Other	5.0
Cash	5.1



Geographic Exposure (%)

US & Canada	67.5
Asia Pac (ex-Japan)	13.5
Japan	4.8
Europe (ex UK)	4.6
UK	2.4
Middle East & Africa	2.0
Cash	5.1



Top 15 Holdings (%)

Alphabet	8.7
Facebook	5.9
Apple	5.8
*Microsoft	4.9
Amazon	3.0
Alibaba Group Holding	2.6
Tencent	2.5
Samsung Electronics	2.0
Intel	1.9
Salesforce.com	1.7
Splunk	1.7
TSMC	1.5
Medidata Solutions	1.4
Netsuite	1.3
Dolby Laboratories Inc	1.3
Total	**46.2**

Total Number of Positions 120

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	65.8
Mid Cap ($1bn - $10bn)	27.4
Small Cap (<$1bn)	6.8

*The Fund also holds Microsoft and Advanced Micro Devices (AMD) call options representing 12 bps of the NAV. Total delta adjusted Microsoft exposure is equal to 4.85% (stock 4.83% and delta adjusted call options of 0.02%) and the total delta adjusted AMD exposure is equal to 0.41%. The delta adjusted impact of these options is only reflected in the top 10 positions table 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 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.

Fund Manager Comments

As at 30 June 2016

Market Review

Although equity markets were soft during June, pronounced Sterling weakness – a result of Britain's shock referendum result in favour of leaving the European Union (EU) – saw the FTSE World Index rise 8.4% (in GBP terms). With the global economic outlook already slowing – the World Bank cut its global growth expectations from 2.9% to 2.4% – there was certainly little evidence of a cyclical rebound in global economic activity during the month. US economic growth looks to have been relatively muted in the second quarter: real-time estimates suggest economic growth of 2% or less. The May Non-Farm Payroll report was unexpectedly poor coming in at 38k versus consensus at 164k, while overall wage growth was just 0.2%. A third monthly fall in China's manufacturing PMI suggests ongoing challenges in parts of China's economy, following an easing in the rates of contraction earlier this year. China's overall composite PMI was stagnant at 50.5, indicating neither contraction nor expansion.

Britain's decision to leave the EU surprised financial markets and has created considerable short-term uncertainty. Sterling fell by 8% on the day and has fallen further since (currently at circa 1.31 versus the US Dollar, levels not seen since 1985). Prime Minister David Cameron tendered his resignation – triggering a leadership contest that may "buy some time" for the UK government before the official exit process commences. Fortunately, the Bank of England has been proactive, announcing that it will likely cut rates and loosen bank capital requirements while opening the door for further Quantitative Easing (QE). Yield curves flattened globally and bank shares fell reflecting a "lower for longer" outlook for interest rates. As a proxy for risk aversion the Japanese Yen appreciated 7.3% against the US Dollar during June. 70% of all German sovereign debt now has a negative yield, whilst US ten-year Treasury yields hit all-time lows of 1.4% and the implied probability of a US rate hike for February 2017 fell to 22%.

Technology Review

The technology sector modestly trailed the broader market during the month, the Dow Jones World Technology Index rising 7.1% (in GBP terms). M&A activity stepped up significantly during June with the Trust benefiting directly from the acquisitions of Demandware*, LinkedIn* and QLIK Technology*. Microsoft surprised Wall Street with its US$26bn offer for LinkedIn*, in an attempt to strengthen its Office 365 & Dynamics franchises. Salesforce.com* agreed to buy Demandware* for US$3bn (at a 71% premium to its prior close) while QLIK Technologies* was acquired by private equity firm Thoma Bravo. Slightly offsetting this benefit, one of our holdings Cavium Networks* fell on news it would acquire QLogic** – a decision that prompted the sale of our position due to concerns about their new strategic direction. In addition, Tesla* announced its intention to acquire SolarCity** for US$5.7bn in a move that was also strategically questioned by both analysts and shareholders.

As growth in the public cloud continues to eat into enterprise technology estates, legacy profit centres look increasingly challenged. The Q1 server shipment data came in below expectations, declining 3% year-over-year (y/y) versus analyst estimates of 3% growth. This was the first decline in ten quarters and it coincided with weakness elsewhere across traditional IT vendors. Oracle's** US$600m new Cloud Annual Recurring Revenue (ARR) came in well below their downwardly revised US$1.5bn target for 2016. Although Red Hat* beat analyst expectations and its middleware revenue was strong, even its first-quarter enterprise infrastructure renewed at just 105%, below historical levels.

Unfortunately, market-cap weighted technology indices remain heavily skewed towards traditional IT companies, many of which are being 'hollowed out' by the deflationary nature of new cloud based technologies. This shift is embodied by Amazon Web Services (AWS), which appears to have achieved critical mass (annualising last quarter's revenue it is a US$8bn+ run rate business growing c64%), representing circa half of Amazon's entire operating profit. Amazon remains our largest 'active' position relative to our benchmark and its shares hit an all time high with its market-capitalisation surpassing Facebook's during June. Whilst AWS is the main reason for our position size, we expect continued robust growth in their core retail business, which is wreaking havoc on traditional retailers as it extends Prime and expands into new product categories such as Amazon Fresh (including delivery of local produce) which recently launched in London.

The payments industry is another facing significant disruption. Just this month, Facebook began to test new options for users to send money to each other using its Messenger app. Similarly, at its worldwide developer conference (WWDC) Apple announced that it is extending Apple Pay into the browser, in an attempt to solve high mobile commerce abandonment rates and challenge Paypal's dominance of desktop online payments. Uptake of mobile based payment systems such as ApplePay has been slower than we expected, largely due to the time it takes to update infrastructure to support it, but the technology works well and will gain traction in time. While mobile payments remain an exciting future area of growth, smartphone unit forecasts continue to be revised lower with IDC reducing their 2016 expectations from +6% to +3%, with Apple iPhone volume expected to fall for the first time ever this calendar year. We have continued to pare our Apple position where we anticipate a lacklustre product cycle in 2017, with Apple possibly breaking from its usual two-year cadence for major upgrades. Although we have reduced our exposure to the smartphone supply chain (where we anticipate more intense pricing pressure), we have recently added to our Samsung position due to share gains and cost leadership in NAND, DRAM and OLED technologies.

Outlook

Having debunked many of the earlier barriers to adoption, we expect Cloud penetration to accelerate over the coming years with incumbents likely to suffer far greater disruption as more than US$1tr of IT spending shifts to new areas by 2020. As AWS moves further up the computing stack, segments that have been unaffected by disruption this far are likely to be sucked into the Cloud maelstrom. This is likely to include the US$800bn IT services industry which captures a staggering 40% of overall technology spending today. As we have long argued, the most important investment conclusion is to avoid legacy companies with much to lose and little to gain from Cloud migration, which explains why we have continued to migrate the portfolio further from our benchmark.

While the current backdrop is best understood as "the beginning of the end for traditional IT", the combination of tech deflation, smartphone proliferation and the internet has increased the reach of technology while making it possible to 'reinvent' industries such as advertising, commerce, entertainment and travel. Unfortunately, these new opportunities have little to do with incumbents, which is why they embark on M&A activity in order to soften the impact of the new cycle by extending their product offerings and relevance while obfuscating the condition of their core business. Having expected a return of strategic M&A after a two year hiatus, even we have been surprised by the explosion of deal activity during recent weeks. Highly reminiscent of the fertile M&A backdrop following the 2011 'growth scare', we expect the recent trend to persist as a number of incumbents who have declared interest including Cisco, Hewlett Packard and IBM have yet to show their hands.

The return of widespread strategic M&A reflects the interplay of two factors – diverging fundamentals and the post Q1'14 compression of next-generation

Fund Manager Comments

As at 30 June 2016

valuations that has significantly offset the fundamental divergence in sector fortunes. This process appears to have concluded in Q1'16 as a handful of fourth-quarter earnings disappointments and severe risk aversion saw the average growth stock fall more than 30% during January alone. Despite experiencing our most challenging period of relative performance this cycle, we took advantage of the unusual market backdrop by rotating further from our benchmark – selling incumbents and growth cyclicals in favour of next-generation companies with exposure to our preferred themes. While valuations have rebounded with the equity market and the return of strategic M&A, they remain below five-year averages and this feels insufficient given that after years of 'travelling', our 'new technology cycle' story appears to have arrived.

While *'Brexit'* clearly represents a new risk to both the global economy and investor sentiment, we are hopeful that – in time – it will prove 'just' another symptom of sub-trend global growth and part of the ongoing 'wall of worry' that equity investors have had to climb since the financial crisis. That said, the timing of the EU referendum – a week before the end of the second-quarter – is likely to introduce some additional uncertainty/volatility which is why we have retained a little more cash than we typically do ahead of so-called 'pre-announcement season'. We expect to take advantage of any short-term weakness and move back to a fully invested position ahead of what we hope will prove another robust earnings season for our portfolio.

Despite all the negativity (in the UK) it is worth putting Britain's decision to leave the EU in some context; at market prices, Britain only explains about 2.5% of global GDP today. In the context of major technology architecture shifts, *Brexit* is not that important. In a world where overall growth is low, we believe our portfolio of differentiated growth assets should be highly prized. Our preferred areas remain online advertising, e-commerce, cybersecurity, software-as-a-service, games software and Chinese Internet. Longer-term we are excited by a number of emerging opportunities where technology is attacking the profit pools of other industries, aided and abetted by millennials that are embracing innovation as second nature. As the CEO of General Motors put it, "we're going to see more disruption in the next five to ten years [in the automotive industry] than we've seen in the last fifty" – an observation that perfectly captures our excitement about this new cycle and is likely to prove equally valid across most industries now that the Cloud has made landfall.

*Held

**Not Held

7 July 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.

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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