

Trust Fact Sheet

29 June 2018

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.

Trust Facts

Ordinary Shares

Share Price	1256.00p
NAV per share	1272.60p
Premium	-
Discount	-1.30%
Capital	133,825,000 ordinary shares of 25p

Assets & Gearing ¹

Total Net Assets	£1,703.1m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	6.45%

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	1.3203
GBP/EUR	1.1308
GBP/JPY	146.2375

Risk Warning

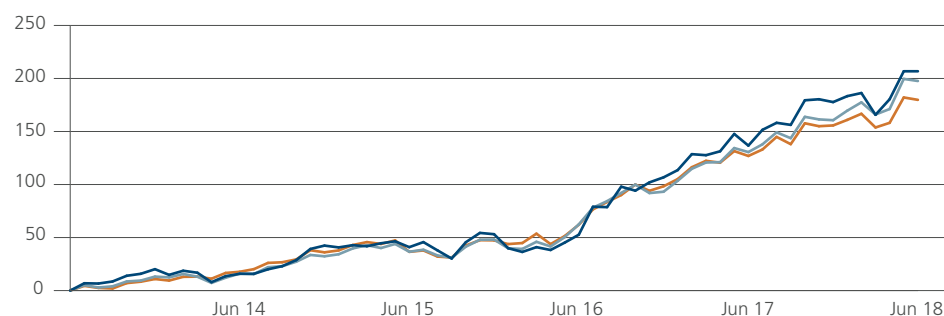
Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

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.

Performance

Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
■ Ordinary Share Price	0.00	15.44	10.47	29.62	206.79
■ NAV per Share	-0.66	11.89	14.19	29.07	197.61
■ Benchmark	-0.81	10.26	9.43	23.31	179.82

Discrete Performance (%)

	30/04/18 29/06/18	30/04/17 30/04/18	30/04/16 30/04/17	30/04/15 30/04/16	30/04/14 30/04/15
Ordinary Share Price	9.41	21.22	67.31	-4.39	33.94
NAV per Share	9.74	22.66	56.13	1.05	30.71
Benchmark	8.39	17.05	53.38	-0.11	29.46

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.

- Gearing calculations are exclusive of current year Revenue/Loss.
- 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.
- The performance fee is subject to a highwater mark and cap. Further details can be found in the latest Annual Report.
- Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.

Awards & Ratings



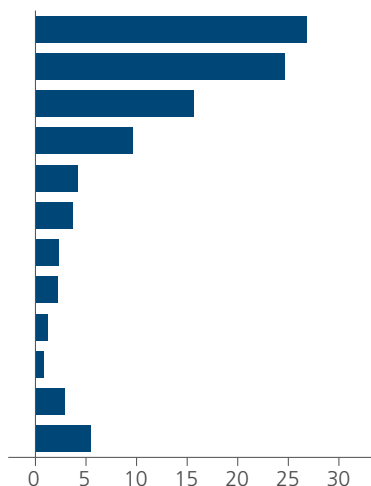
Polar Capital Technology Trust plc

Portfolio Exposure

As at 29 June 2018

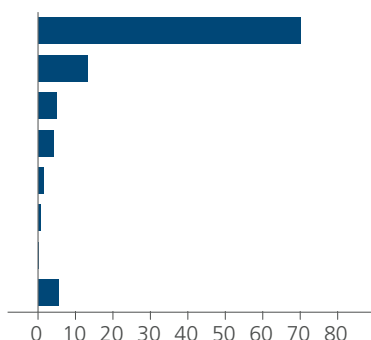
Sector Exposure (%)

Internet Software & Services	26.9
Software	24.7
Semiconductors & Semiconductor Equip.	15.7
Tech. Hardware, Storage & Peripherals	9.7
Elec. Equip. Instruments & Components	4.2
Internet & Direct Marketing Retail	3.7
IT Services	2.4
Communications Equipment	2.2
Machinery	1.2
Aerospace & Defense	0.9
Other	3.0
Cash	5.5



Geographic Exposure (%)

US & Canada	70.1
Asia Pac (ex-Japan)	13.2
Japan	5.0
Europe (ex UK)	4.0
UK	1.5
Middle East & Africa	0.6
Latin America	0.1
Cash	5.5



Top 15 Holdings (%)

Alphabet	8.2
Microsoft	7.9
Apple	6.4
Facebook	6.0
Tencent	3.5
Alibaba Group Holding	2.9
Amazon	2.6
Samsung Electronics	2.4
Salesforce.com	1.7
TSMC	1.6
Adobe Systems	1.6
Advanced Micro Devices^	1.4
NVIDIA	1.4
Intel	1.4
ServiceNow	1.2

Total 50.2

Total Number of Positions 114

Market Capitalisation Exposure (%)

Large Cap (>\$10bn)	76.5
Mid Cap (\$1bn - \$10bn)	21.8
Small Cap (<\$1bn)	1.7

^The Fund holds AMD Call options which represent 5bps of NAV and a delta adjusted exposure of 31bps. The Fund also currently holds a QQQ (NASDAQ) Put option, which represents 12bps of NAV and a delta adjusted exposure of -1.56%. 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 29 June 2018

Market Review

Although equities were mixed in June, sterling weakness/dollar strength saw the FTSE World Index rise 0.4% during the month in sterling terms. The trade-weighted dollar (DXY) made a new year-to-date high, in part reflecting diverging global economic prospects and monetary policy. The US Federal Reserve raised rates by 25bps during the month, with the median dot-plot prediction of future rates now signalling four rate hikes this year and three in 2019. Trade war concerns may have also played a part and certainly dominated investor attention with the Chinese renminbi slipping -3.2% against the dollar and emerging markets underperforming considerably. The MSCI EM Index fell -3.4% (compounding a similar decline in May) whilst the Shanghai Composite Index declined -9.6% over the month – taking peak to trough decline to greater than -20%, officially entering a bear market (ironically during the month that A-shares were included in the MSCI global indices).

Whilst the global economic outlook has softened due to trade war and Brexit concerns, the US economy remains buoyant as tax cuts and spending provisions in the budget provide the economy with a significant dose of late-cycle fiscal stimulus. The NFIB US Small Business Optimism Index increased in May to the second highest level in its 45-year history and the highest since 1983. A noticeable divergence has hence been established between the US economy and the other major global economies over 2018. The recent trend in purchasing manager surveys is indicative of this divergence. The US ISM Manufacturing Index reached 60.2 in June up from 58.7 in May approaching the prior high reached in February (the highest reading since 2004) whilst the Eurozone Manufacturing PMI declined to 54.9 in June. This was the sixth consecutive monthly decline for the Index, in stark contrast to 2017 when the Index rose almost every month. The Manufacturing PMI Index in China fell to 51.5 in June while in Japan it rose modestly to 53.0.

Although we still believe the US is ultimately not interested in a trade war and just wants a better deal, for now US/China trade tensions continue to escalate. The US approved \$50bn of tariffs on Chinese goods, the first tranche of which commence on 6 July with a 25% import tax being applied to \$34bn of mainly Chinese industrial products. In turn, China will apply the same 25% tariff to \$50bn of mainly US agricultural products which has prompted the US to explore additional tariffs which will be difficult for the Chinese to match given their trade surplus. This may help explain the recent renminbi weakness which could lead to future accusations of currency manipulation should it persist. We can only hope for now – like with North Korea – that President Trump is ultimately trying to strike a better deal, with brinkmanship designed to boost Republican results in the upcoming US mid-term elections.

Technology Review

The technology sector underperformed the broader market during the month, the Dow Jones World Technology Index declining -0.8% in sterling terms. Off-season reporting companies generally delivered mixed results against heightened expectations. After positively pre-announcing, Micron Technology* reported earnings at the high end of its revised guidance, exceeding consensus expectations. The DRAM pricing environment remains favourable and NAND gross margins increased – despite a declining pricing environment – due to mix and cost per bit performance. Cloud data centre demand remains robust for both DRAM and NAND. Broadcom* delivered results above expectations as strong enterprise storage and wired communications was offset by wireless weakness. There was also positive news that Marvell** received Chinese regulatory approval for its pending Cavium** acquisition, somewhat surprising given the ongoing trade tensions between the US and China but potentially a quid pro quo for the US reducing its penalties on Chinese telecom equipment provider ZTE earlier in the month.

After an exceptionally strong run of performance in software two bellwether names pulled back on results presaging a much needed subsector correction. Adobe Systems* – one of our long-held positions reported revenues and earnings exceeding expectations amid significant margin expansion. Experience Cloud (marketing) subscriptions grew +24% year-on-year (y/y) (despite a perpetual to subscription model transition). On the 25th anniversary of Acrobat and the PDF format, digital documents continue to experience a significant pace of innovation as the digitalisation of enterprises remains a top priority. However, the stock reacted negatively to guidance below elevated expectations as the company incorporated some caution around GDPR privacy regulation in Europe. Red Hat* – another of our software holdings – also reacted negatively as both subscription revenues and billings slowed largely due to FX headwinds tied to the stronger dollar.

GDPR privacy legislation came into force in Europe on 25 May and while there is some uncertainty over the short-term impact on Internet companies (users must “opt in” to storage of information and services required for advertising driven business models) – we believe the end result will prove more positive than the market is expecting. We believe platforms such as Facebook* and Google (Alphabet)* will ultimately benefit over smaller players, because email marketers and ad networks may face problems encouraging users to opt in. During the month Facebook disclosed that Instagram had reached 1bn monthly active users (MAU) and that the ‘Instagram Stories’ format exceeded 400m daily active users (DAU), up from 250m daily users one year ago. The stories format, across the various Facebook platforms, is currently significantly under-monetised compared to their newsfeed format offering another incremental monetisation opportunity. Magna Global significantly revised upwards its global ad market projection for 2018 from +5.2% to +6.4% with overall digital ad spend expected to reach \$250bn and account for 45% of global ad revenue.

In eCommerce, Amazon* further extended its disruptive reach following the acquisition of online pharmacy PillPack**. As a measure of fear that Amazon now strikes upon entering a new area, the c.\$1bn purchase price destroyed c.\$15bn in market capitalisation of incumbents such as CVS Health**, Walgreens Boots Alliance** and Rite Aid**. Within payments, recently released data revealed that UK debit cards overtook cash for the first time during 2017 driven by contactless payment adoption. This significant milestone is supportive of our eCommerce and digital payments theme which represents one of our eight core themes. That said, as with software, payment valuations appear a little extended which is why we remain focused on a small number of growth stocks where there is valuation support such as Paypal Holdings*, Visa* and GMO Payments Gateway*.

Market Outlook

The technology sector continues to drive disruption across almost every industry, fuelled by the Internet, smartphones and artificial intelligence (AI). This impact is being increasingly felt by incumbents everywhere that are having to undertake ‘digital transformations’ in order to ameliorate the impact of diminished relevance in a world of technology deflation, transparency and unbundling at the hands of disruptive data-driven technology companies. This fundamental divergence has been transposed on stock markets with the technology sector (remarkably) delivering nearly all (c.99%) of S&P500 returns year-to-date. Within the sector, returns have also become more concentrated as investors have gravitated towards secular growth/disruptors with limited exposure to trade-war escalation with Amazon, Microsoft* and Apple* combined explaining c. 2/3 of S&P year-to-date returns.

This narrower market, together with elevated software/payment valuations and a less certain macroeconomic outlook (courtesy of trade-war brinkmanship) has left us with more cash than we typically hold.

Polar Capital Technology Trust plc

Fund Manager Comments

As at 29 June 2018

This (together with a modest amount of NASDAQ put options) is designed to offset the impact of any near-term setback while providing us with firepower should trade-war escalation and/or pre-announcement season (where newsflow is typically negatively-skewed) present us with a buying opportunity. However, this near-term view should not be interpreted too negatively as higher valuations largely reflect a strengthening US economy and improved technology fundamentals. While we have selectively taken some profits, we believe current valuation levels should hold, allowing revenue/earnings/cashflow growth to drive stock performance, absent a US recession which we don't see on the horizon (although we are watching the yield curve closely). We have been selectively adding to Internet and robotics-related stocks, although we will wait for second-quarter results (where we may see a further reset of investor expectations in robotics stocks) before adding more materially. Within Internet, we believe regulatory and GDPR concerns are overblown while valuations look attractive relative to revenue growth.

The best performing stocks in the Trust (and sector) year-to-date have largely been software related and that remained so during the month, although two of our largest active (overweight) positions Amazon and Advanced Micro Devices* also made significant contributions. Larger hardware related stocks such as Intel* and Samsung Electronics* have struggled amid slower smartphone demand and trade war fears; we remain significantly underweight both and significantly/structurally underweight hardware reflecting product maturation and the move to public cloud computing. While performance has been pleasing, it would have been better still had it been less diversified and less international as year-to-date returns have been dominated by software, payments and select Internet stocks. Our robotics exposure (pared, but not eliminated) has also dragged during a period of slower Apple capex and fears of automotive spend. Over the longer-term we remain convinced that a wider investment universe will provide us greater opportunity to add value (and avoid areas where expectations become inflated) rather than chase hot themes where momentum can become self-sustaining (and potentially detached from near-term fundamentals).

We remain excited about our new cycle thesis that appears to be gathering strength with every earnings season with a growing divergence between incumbents and next-generation companies now that the Cloud has become the default computing platform. This bifurcation is likely to intensify from here as workloads continue to gravitate towards the public cloud, while emerging technologies such as AI – where the Internet platforms enjoy a leadership position – are likely to accelerate this trend. If our thesis is indeed playing out, it should provide a multi-year tailwind for our 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 AI, Software as a Service (SaaS), digital content and gaming, robotics and automation and rising semiconductor complexity.

* Held

** Not held

Ben Rogoff

9 July 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 23 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

Polar Capital Technology Trust plc

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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. 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.

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