POLAR CAPITAL

Polar Capital Technology Trust plc

Trust Fact Sheet

28 June 2019

Trust Facts

Ordinary Shares

Share Price	1338.00p
NAV per share	1443.51p
Premium	-
Discount	-7.31%
Capital	133,825,000 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£1,931.8m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	7.37%

Benchmark

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

Fees [2,3]

Management Fees

£0 - £800m	1%
£800m - £1.6bn	0.85%
£1.6bn - £2bn	0.8%
Over £2bn	0.7%
Performance	10% over Benchmark
Ongoing Charges	0.99%

FX Rates

GBP/USD	1.2727
GBP/EUR	1.1176
GBP/JPY	137.1207

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

The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

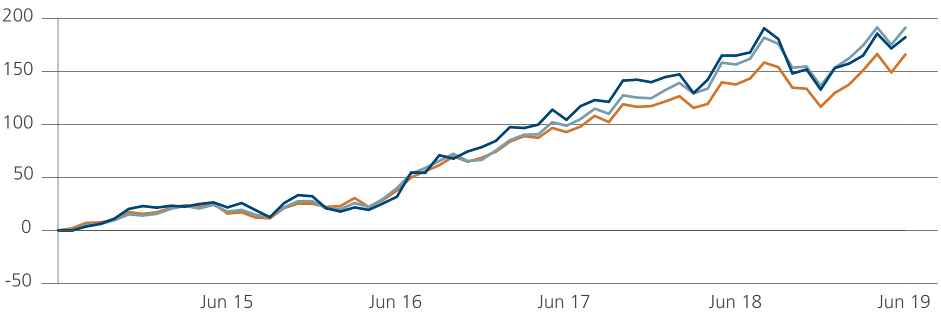
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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 month	YTD	1 year	3 years	5 years
Ordinary Share Price (TR)	3.88	6.53	21.20	6.53	114.08	182.22
NAV per share	5.84	6.01	23.11	13.43	107.86	190.96
Benchmark	6.83	5.99	22.78	11.91	93.20	166.00

Discrete Performance (%)

	30.04.19 28.06.19	30.04.18 30.04.19	30.04.17 30.04.18	30.04.16 30.04.17	30.04.15 30.04.16
Ordinary Share Price	-1.18	17.94	21.22	67.31	-4.39
NAV per share	-0.18	24.70	22.66	56.13	1.05
Benchmark	-0.12	21.44	17.05	53.38	-0.11

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. The performance fee is subject to a highwater mark and cap. Further details can be found under Corporate Documents of the Company's website: http://www.polarcapitaltechnologytrust.co.uk.
3. Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.

Awards & Ratings

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

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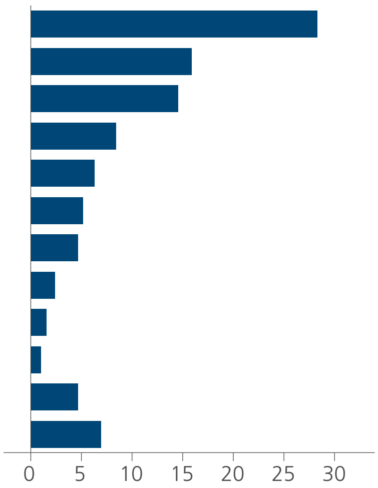
Polar Capital Technology Trust plc

Portfolio Exposure

As at 28 June 2019

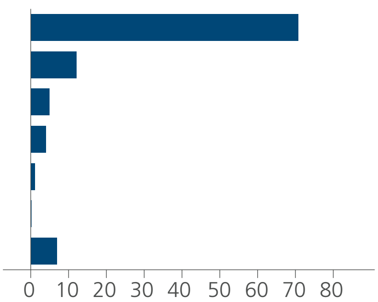
Sector Exposure (%)

Software	28.3
Semiconductors & Semiconductor Equip.	15.9
Interactive Media & Services	14.5
Tech. Hardware, Storage & Peripherals	8.4
Internet & Direct Marketing Retail	6.3
Elec. Equip. Instruments & Components	5.2
IT Services	4.7
Entertainment	2.4
Communications Equipment	1.5
Machinery	1.0
Other	4.7
Cash	7.0



Geographic Exposure (%)

US & Canada	70.8
Asia Pacific (ex-Japan)	12.1
Japan	4.9
Europe (ex UK)	4.0
UK	1.1
Middle East & Africa	0.2
Cash	7.0



Top 15 Holdings (%)

Microsoft	9.4
Alphabet	6.3
Apple	4.6
Facebook	4.2
Samsung	3.2
Alibaba	3.1
Tencent	2.7
Amazon.com	2.5
Taiwan Semiconductors	2.1
Advanced Micro Devices	2.1
Adobe Systems	2.1
ServiceNow	1.8
Analog Devices	1.5
Zendesk	1.4
Arista Networks	1.3
Total	**48.3**

Total Number of Positions 110

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	76.9
Mid Cap ($1bn - $10bn)	21.5
Small Cap (<$1bn)	1.6

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	September 2019
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 28 June 2019

Market review

The year-to-date rally in global equities resumed during June, with the MSCI All Country World gaining 6%, in sterling terms. The S&P 500 reached new highs towards the end of the month – its best June since 1955 and best first half of the year since 1997 – as the market shrugged off concerns about global growth, buoyed by the prospect of monetary easing from global central banks and improved US/China relations at the G20 summit.

The US remains a relative bright spot in the global economy, despite softening data during the month. Non-farm payrolls were only up 75,000 in May (180,000 expected) while average hourly earnings increased 0.2% (0.3% expected), however the unemployment rate remains at 3.6%, close to 50-year lows. Furthermore, the weaker than expected Employment Situation Report was taken positively by the market because, in conjunction with muted inflation pressure (the May core PCE price index was up a moderate 1.6% y/y), it gives the Fed more room to manoeuvre. The Federal Open Market Committee (FOMC) voted 9-1 to keep the federal funds rate unchanged at its June meeting. The policy statement had a dovish tone, inferring that the Fed will no longer be "patient" regarding future adjustments to the rate, reassuring investors that it "will act as appropriate to sustain the economic expansion" amid increased uncertainties to the outlook.

Ten-year US treasury yields continued to decline, falling below 2% for the first time since 2016, while market-implied rates priced in 100% chance of a July rate cut. This may be a bit presumptuous given that the lone (dovish) dissenter, St Louis Fed President James Bullard, is only calling for a 25bps cut. The fact that bond yields are falling, the US economy is softening, yet equities are rising suggests investors believe the Fed can avoid a more significant slowdown.

Geopolitical tensions remain heightened. Brent Crude futures surged during the month (aided by the weaker dollar) amid escalating tensions in the Middle East after the US blamed Iran for attacks on two oil tankers in the Gulf of Oman and for shooting down a US military drone over the Strait of Hormuz. President Trump said the US military was "cocked and loaded" for a retaliatory strike but called it off with 10 minutes to spare, stating the loss of life would not have been proportional to the downing of an unmanned drone. A more moderate approach from Trump was evident in trade negotiations which progressed on several fronts during the month. The market had been caught off guard in May when the US announced tariffs on Mexican imports; enforcement was averted when a deal was reached shortly afterwards with Mexico committing to reduce the flow of illegal migration through its borders. Relations between the US and China also appear to have thawed somewhat after a meeting between Trump and President Xi at the G20 summit resulted in a temporary truce. There will be a resumption of negotiations with the US agreeing to hold off on any additional tariffs and remove restrictions on exports to Huawei that do not impact national security while China agreed to purchase agricultural products from the US.

Technology review

The technology sector rebounded strongly in June, outperforming the broader market during the month, the Dow Jones World Technology Index gaining 6.8% in sterling terms. The trade-sensitive semiconductor sector witnessed the strongest rebound as the SOX Semiconductor Index gained 12.3%, with the majority of this performance notably delivered in the run-up to the G20 summit.

The near constant stream of M&A transactions continued in June with the analytics space at the epicentre as two noteworthy transactions were announced within a week of each other. The first came from Alphabet as they announced their intensions to buy private company Looker for $2.6bn (estimated 15-20x FY20 revenues). This was followed a matter of days later by Salesforce.com announcing it had entered into a definitive agreement to acquire Tableau in an all-stock deal valued at $15.7bn (9.6x FY20 revenues) and at a c40% premium to the previous day's close. This will become the second piece of large M&A Salesforce.com has undertaken in the past 18 months. The Trust not only benefited through its holding in Tableau but also the subsequent appreciation of all data analytics companies, including our holding in Alteryx.

In other M&A, the speculation from April proved true as Dassault Systemes announced it was acquiring Medidata Solutions in an all-cash transaction valued at $5.8bn (6.8x FY20 revenues). At $94.25 this was a 3% discount to the last closing price but a 17% premium to where Medidata Solutions was trading before the deal speculation surfaced. Semiconductor consolidation activity continued as Infineon agreed to acquire Cypress Semiconductor for €9bn (c50% premium) to enhance its industrial microcontrollers offerings and further increase its automotive exposure. This acquisition has changed the investment case for the stock so we significantly reduced our position size as we expect a prolonged period of valuation-multiple derating.

Arguably the most noteworthy piece of technology news from June was the announcement that Facebook is making its first serious foray into finance and payments. The Facebook-led Libra Association released its white paper during the month which declared plans for a new cryptocurrency named Libra. It will be built on blockchain and backed by a reserve of government-backed currencies, deposits and securities. The white paper contained admirable intentions to better serve and empower the under-banked population around the world. We still know relatively little about how Libra will operate, and there are significant regulatory and technological obstacles to overcome. On the surface, Libra promisingly seems to address some of the issues that have held back widespread cryptocurrency payment adoption thus far: high volatility, slow transaction throughput, and questionable governance.

The news had a positive impact on Facebook's share price, with an even bigger, perhaps linked, move in Bitcoin that gained 44% over June. Regulators and politicians globally wasted little time in making demands for the project to be halted or convening hearings on the topic. The road ahead with lawmakers is clearly going to be highly challenging, but if successful it could be a highly disruptive proposition.

Off-season reporting generally delivered robust results during June. In the software sector the Salesforce.com earnings results were well received as revenue, operating margin and billings beat expectations. Strong bookings from recent acquisition MuleSoft was cited as a contributor as this business continues to exceed management's expectations. Billings growth of 25% y/y relieved fears of a slowdown and keeps Salesforce.com on track to maintain its 20% y/y growth profile.

A solid earnings release was delivered by Adobe Systems that included a positive surprise above expectations on Digital Media ARR and strong performance across all business units. Guidance was modestly below expectations but likely conservative as they lap the anniversary of both the Magento and Marketo acquisitions. Our zero/underweight position in Oracle was a detractor as the company delivered consensus-beating results on revenues, operating margin and EPS. A strong rebound in licence revenues was driven by strong sales of database and database options. Aggressive share repurchases assisted the bottom-line EPS growth, but the debate remains on how durable Oracle's growth rate will be as IT budgets continue to be shifted towards the cloud.

Fund Manager Comments

As at 28 June 2019

Market outlook

Trade war headlines continue to dominate the headlines and investors' risk appetite alike. The latest turn is the trade war truce made between Presidents Trump and Xi at the G20 which has paved the way for the resumption of trade talks. However, uncertainty is continuing to put a strain on the global economy, evidenced by continued softness in Chinese data (leading economic indicators remaining subdued) while US 'fast' economic data remains mixed. Fortunately, the weaker economic backdrop has been met with looser financial conditions as a result of the Fed's signalling of interest rate cuts and the ECB's potential resumption of QE. Muted inflation (and perceived risk to the downside) continues to underpin the alignment of policymaker and investor interests, helping risk assets and supporting our view that a soft landing remains the base case for this business cycle.

Trade-related uncertainty has resulted in sharply lower bond yields leaving a record $12.5trn of bonds trading with negative yields, surpassing the last peak in 2016. This has clearly been supportive for risk assets, with equities trading moderately above recent history, but remaining attractive relative to both cash and bonds. Likewise, valuations of growth stocks appear elevated relative to history but against a backdrop of sub-trend global growth and trade war machinations that continue to weigh on earnings estimates, it is little wonder that companies able to deliver top-line growth should command higher than average premia. As both the source of and saviour from disruption, the technology sector continues to boast more than its fair share of the fastest growers while a select group of software, internet and payment companies with limited China/EM exposure have continued to deliver remarkable (30%+) growth leading to a Nifty Fifty-type market. While the narrative tends to focus on the divergence in valuations between growth and value stocks, it spends much less time on the divergence in fundamentals that underpin this generational shift.

However, there are (always) pockets of valuation exuberance which we do our best to avoid, epitomized by a handful of recent high-quality software IPOs, many of which capture the zeitgeist of this cycle. It is never easy to correctly value 'winners' – something we have tried to hardwire into our investment approach – but as a rule we are unwilling to invest in 'winners' where the market appears to have already priced in medium-term bullish outcomes. Fortunately, while valuations have expanded, there are still plenty of reasonably priced stocks, including many of our preferred holdings where forecast growth is strong enough to withstand some multiple compression should it occur. While we remain alive to the risk of a near-term valuation setback, strong fundamentals give us confidence in our portfolio that should deliver growth in excess of the benchmark while avoiding the loftiest individual valuations.

The combination of trade uncertainty, a narrower market, strong year-to-date performance and the upcoming pre-announcement season (where news flow is typically negatively skewed) has left us with a little more liquidity than usual. However, this remains tactical as we are hopeful that a trade resolution will be reached (both sides remain highly motivated to avoid inducing a recession) while muted inflation should allow central banks to absorb downside risks to growth in the meantime.

Importantly, next-generation technology fundamentals remain in rude health with the digital transformation imperative continuing to trump macroeconomic buffeting for now. A large number of recent company meetings have buttressed this view, while premiums being paid in recent technology M&A are supporting next-generation valuations.

We continue to focus on a number of secular themes where growth should be resilient against anything other than the most challenging economic backdrop and remain excited about an accelerating pace of technology adoption and broadening disruption, fuelled by artificial intelligence, cloud computing and demographic change. As a result, we continue to invest in our own investment capability and are delighted to have added two new members to the team in June – Ali Unwin and Nick Williams. This takes us to nine dedicated technology investment professionals and reinforces our position as the largest team in Europe which should enable us to broaden our research coverage at a time when technology is rapidly expanding its addressable market.

Ben Rogoff

8 July 2019

Polar Capital Technology Trust Management Team

Ben Rogoff

Partner, Technology

Ben has managed the Trust since 2006, he joined Polar Capital in 2003 and has 24 years of industry experience.

Source & Copyright: CITYWIRE. Nick Evans & Ben Rogoff have been awarded an AA rating by Citywire for their 3 year risk-adjusted performance for the period 31/05/2016 - 31/05/2019.

Nick Evans - Partner

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Alastair Unwin - Fund Manager/Analyst

Chris Wittstock - Senior Investment Analyst

Bradley Reynolds - Investment Analyst

Paul Johnson - Investment Analyst

Nick Williams - Investment Analyst

Polar Capital Technology Trust plc

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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 Global 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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Information Subject to Change The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

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