

The Daily Telegraph

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FUND OF THE WEEK

'Covid-19 will only increase the power of our stocks'

The coronavirus shutdown has accelerated the adoption of new technology, Ben Rogoff of Polar Capital tells Sam Benstead

Technology funds have been the standout performer this year. With people forced to work from home, technology has become indispensable to how we live, from socialising to working.

The £2.4bn Polar Capital Technology Trust has returned 10pc this year, while most other funds have crumbled under the weight of the stock market fall.

Technology is generally considered to be a riskier part of the market, given that tech firms are highly valued and operate in a winner-takes-all industry. But Ben Rogoff, the fund's manager,

tells *Telegraph Money* why he thinks that this is no longer the case and why tech stocks can continue their storming run.

WHO IS THIS FUND FOR?

It is for anyone who wants to own companies in the technology sector. We invest in huge firms such as Google and Microsoft as well as lots of smaller companies you might not have heard of. We own about 100 stocks in total, which means we spread the risk.

HOW DO YOU PICK YOUR STOCKS?

One thing we look for is a strong financial position. There is a misconception that technology companies are all loss-making. This isn't the case with our portfolio. Our biggest holdings have huge amounts of spare cash. We also want to own the companies that can change the world.

We invested in Google and Facebook when they listed, in 2004 and 2012 respectively, and we bought Apple

in 2004. They were considered risky investments at the time. We like big companies because size matters when they have a "platform" business, where the more people who use a service the more powerful it becomes. This is the case for Amazon and Facebook. We think the biggest companies can get even bigger.

We don't feel pressure to be contrarian or place large bets on smaller firms that have a high risk of failure. If a company is still small after the record-breaking period we had for stocks before coronavirus struck, then it probably is not that interesting.

TECHNOLOGY HAS HAD A GREAT RUN. CAN IT CONTINUE?

The sector will only become more important because the themes we invest in are only just getting started. The shutdown because of coronavirus has accelerated the adoption of these themes, from ecommerce to cloud computing, but they still have a long way to go.

Cloud computing has taken off but three quarters of businesses still don't use it, so there's massive potential for sales. We own Amazon, Google and Microsoft, which dominate this area.

HOW DID YOU INVEST DURING THE COVID-19 SELL OFF?

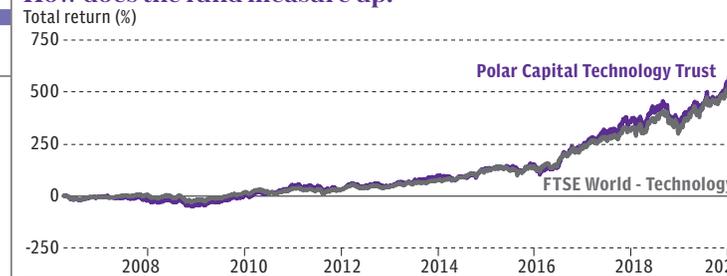
We acted quickly to protect our portfolio. When the American central bank cut interest rates by 0.5 percentage points in February, we knew it was serious.

We sold shares in the travel sector, like Uber, and companies with weak financials that would suffer in a recession. We bought more shares in Amazon and communications names

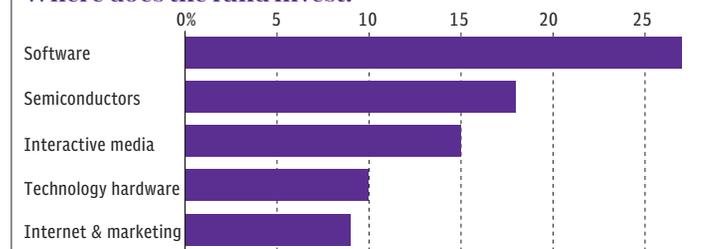
POLAR CAPITAL TECHNOLOGY TRUST



How does the fund measure up?



Where does the fund invest?



Key facts

Launch date	December 1996
Return since manager start (2006)	618pc
Return year to date	10pc
Share price premium	3pc
Annual charge	0.95pc

Top 10 holdings (as of 31/03/2020)

1. Microsoft	10pc
2. Apple	6.9pc
3. Alphabet	6.8pc
4. Alibaba	4.3pc
5. Tencent	3.4pc
6. Facebook	3.3pc
7. Amazon	3.1pc
8. Samsung	3pc
9. Advanced Micro Devices	2.4pc
10. Nvidia	2.3pc

BEN ROGOFF IN FOCUS: ALPHABET

We bought Alphabet (Google) when it became a public company. It was very controversial at the time and was deemed extremely expensive by investors.

We saw its potential and it now has \$100bn



in cash. It is not only the leader in search but also has strong businesses in cloud computing and video via YouTube, as well as its other bets, which aims to disrupt lots of industries.

are not being short changed. It is also capped at 1pc of the fund's assets so it can never go too high.

WHAT'S BEEN YOUR BEST INVESTMENT DECISION?

We bought Apple in 2004 when the shares were about \$1. They are almost \$300 now. On the day we bought it, it announced one million song downloads on iTunes.

AND YOUR WORST?

We first bought Seeing Machines, an artificial intelligence business, in 2015. The shares doubled but are now 50pc lower. This was a lesson on early-stage companies.

HOW ARE YOU PAID AND DO YOU INVEST IN THE FUND?

I am a partner at Polar Capital, which means my income is linked to the success of the firm and its funds. My team gets a bonus if it performs well. I have a significant position in all our technology funds and bought this trust on the day I joined the firm in 2003.

WHAT WOULD YOU BE IF NOT A FUND MANAGER?

I would be a history teacher. I studied it at university and love the way understanding the past can help us understand the future.

such as Everbridge, which sends out emergency notifications. This early action meant we came through the crisis in a stronger position.

HOW DO YOU JUSTIFY A PERFORMANCE FEE?

Every fund at Polar Capital has a performance fee. This means that our ultimate motivation is performance, rather than having the biggest funds possible. When funds get too big, we stop accepting new investors.

The performance fee is 10pc once the fund hits a target above its benchmark. It has been paid only three times in the past 15 years, so investors

£1,000 invested at launch would be worth £17,775 today

QUESTOR THIS WEEK

SUNDAY SHARE TIP
Pennon Buy at £11.21
Well placed to weather the storm

TUESDAY SHARE TIP
Restore Hold at 375p
Also covered: Telecom Plus (hold)

WEDNESDAY FOLLOW THE MONEY
Visa Buy at \$171.20
Chance to grow in virus aftermath

THURSDAY INVESTMENT TRUST BARGAIN
ICG Enterprise Buy at 708p

FRIDAY QUESTOR INCOME PORTFOLIO
Next Hold at £47.26

Read Questor at telegraph.co.uk/questor or sign up to our Whatsapp group at telegraph.co.uk/go/questorwhatsapp