Trust Fact Sheet
30 July 2021

Trust Facts

Ordinary Shares

Share Price	2434.00p
NAV per share	2630.12p
Premium	-
Discount	-7.46%
Capital	135,992,412 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£3,576.8m
AIC Gearing Ratio	n/a
AIC Net Cash Ratio	4.68%

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	0.82%

FX Rates

GBP/USD	1.3904
GBP/EUR	1.1725
GBP/JPY	152.5909

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.

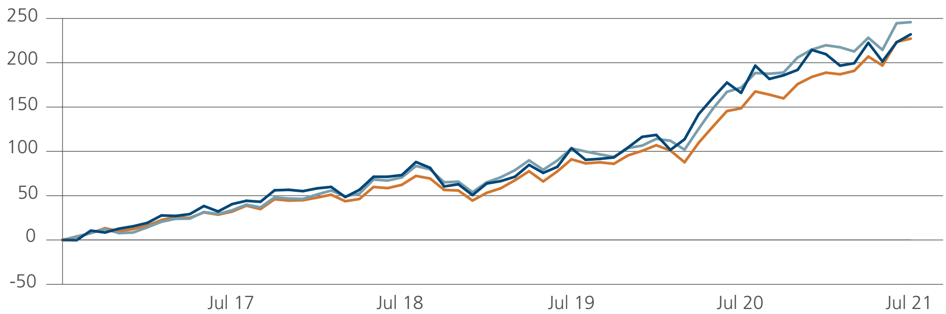
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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)	2.79	2.96	5.60	24.82	91.65	232.06
NAV per share	0.36	5.36	9.83	27.19	102.39	245.28
Benchmark	1.15	6.58	15.20	31.62	101.64	227.20

Discrete Performance (%)

	Financial YTD	31.07.20 30.07.21	31.07.19 31.07.20	31.07.18 31.07.19	31.07.17 31.07.18	29.07.16 31.07.17
Ordinary Share Price (TR)	2.96	24.82	30.70	17.48	23.30	40.52
NAV per share	5.36	27.19	33.58	19.12	27.74	33.56
Benchmark	6.58	31.62	30.15	17.71	22.91	32.02

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.
4. The end of the financial year for the Company is the final day of April each year.

Awards & Ratings

Money Observer Trust Awards 2019 Best Large Trust Highly Commended Polar Capital Technology

PORTFOLIO ADVISER FUND AWARDS '20 GOLD SECTOR SPECIALIST LAST WORD

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

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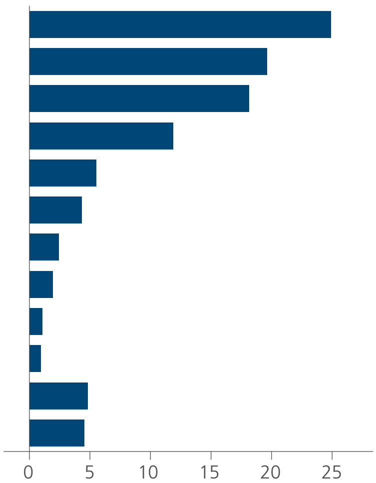
Portfolio Exposure

As at 30 July 2021

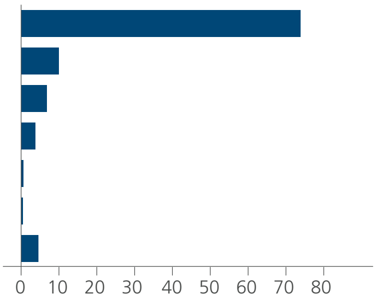
Sector Exposure (%)

Software	24.9
Interactive Media & Services	19.6
Semiconductors & Semiconductor Equip.	18.2
Tech. Hardware, Storage & Peripherals	11.9
IT Services	5.5
Internet & Direct Marketing Retail	4.3
Entertainment	2.4
Elec. Equip. Instruments & Components	1.9
Machinery	1.1
Diversified Consumer Services	0.9
Other	4.8
Cash	4.5



Geographic Exposure (%)

US & Canada	73.8
Asia Pacific (ex-Japan)	10.0
Europe (ex UK)	6.8
Japan	3.8
Middle East & Africa	0.6
UK	0.4
Cash	4.5



Top 15 Holdings (%)

Microsoft	9.1
Alphabet	9.0
Apple	8.4
Facebook	4.9
Taiwan Semiconductors	2.8
NVIDIA	2.8
Samsung	2.6
Advanced Micro Devices	2.4
Adobe Systems	1.9
ASML Holding	1.8
Applied Materials	1.4
DocuSign	1.4
Tencent	1.4
Snap	1.3
HubSpot	1.3
Total	**52.5**

Total Number of Positions **115**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	91.0
Mid Cap ($1bn - $10bn)	8.6
Small Cap (<$1bn)	0.4

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 2021
Continuation Vote	2025 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.

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Note: Totals may not sum due to rounding.

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Market review

Modest equity market gains were offset by sterling strength, the MSCI All Country World ending July essentially unchanged in sterling terms. However, China was notably weak – the Shanghai Composite declining 6.1% (in sterling terms) – following a series of regulatory crackdowns including blocking recent IPO Didi from app stores, banning for-profit school tutoring and focusing on worker rights in food delivery markets.

July represented the sixth consecutive positive monthly return for the S&P 500, but the rally has been characterised by short, sharp changes in both sector and factor leadership. Large caps significantly outperformed small caps during the month – the Russell 1000 gaining 2.1% while the Russell 2000 declined 3.6% – and growth outperformed value (the Russell 1000 Growth Index gained 3.3%, while the Russell 1000 Value only gained 0.8%). Investors flocked to defensive, mega-cap growth stocks, driven by concerns about decelerating growth in the second half (reflected in declining bond yields) due to waning fiscal stimulus, the spread of the COVID-19 Delta variant, and more hawkish commentary from the Federal Reserve earlier in June.

The US economy continues to recover from the pandemic. According to a Reuters survey of economists, it likely grew at an 8.5% annualized rate last quarter, which would be the second-fastest GDP growth pace since the second quarter of 1983. The non-farm payroll report indicated the economy added 850,000 jobs in June, the strongest print in 10 months, and well above market forecasts of 700,000. Non-farm payroll employment is down by 6.8 million, or 4.4%, from its pre-pandemic level in February 2020 and labour shortages continue to weigh on production. This is perhaps because of enhanced unemployment benefits, ongoing childcare responsibilities, as well as health concerns/fears of COVID-19 which may be discouraging some workers from finding a job. The preliminary IHS Markit Services PMI decreased from 64.6 in June to 59.8 in July, while the manufacturing PMI reached a record high of 63.1. However, demand for inputs globally and a scarcity of materials led to the fastest rise in cost burdens on record.

Inflation readings spiked in June and July. The Consumer Price Index (CPI) indicated a 0.9% m/m increase in headline consumer prices in June (well above forecasts at 0.5%), with the annual inflation rate accelerating to 5.4%, the highest since August 2008. The small handful of categories most directly affected by the pandemic were again the key drivers of the increase – airfares +2.7% m/m, hotel room rates +7% m/m and used vehicle prices +10.5% m/m, with that upward pressure also now spilling over to the new vehicle market where prices were up 2% m/m, the biggest monthly gain since 1981. More concerningly, the CPI report also brought clear evidence that price pressures are continuing to broaden. The University of Michigan preliminary consumer sentiment index fell sharply, and unexpectedly, from 85.5 in June to 80.8 in July, the lowest level in five months, as inflation worries dented confidence in the economic recovery. Consumers complained about the rising prices of homes, vehicles and household durables as one-year inflation expectations reached the highest level since August 2008 at 4.8%, up from 4.2%, while five-year inflation expectations ticked up to 2.9% from 2.8% in June.

The biggest story in financial markets over the past month has been the unrelenting – if somewhat confounding – decline in global bond yields. The US 10-year yield continued to fall, ending the month at 1.22%, while the yield curve flattened, suggesting a lowering of growth expectations. There are several reasons to believe that growth and inflation may decelerate in the second half, as the impetus from the reopening wanes, the fiscal impulse turns negative (with spending out of pent-up savings providing only a partial offset) and the Fed potentially less willing to be relentlessly dovish. While it varies greatly by region/vaccination status, it seems clear that the COVID-19 Delta variant is now impinging on the pace of the global reopening too, particularly in Asia. In China, a critical determinant of global growth, the PMI peaked in November while the government has apparently embarked on a series of regulatory initiatives that are likely to weaken confidence further.

The path of inflation will also be influenced by additional fiscal spending. The Biden administration provided $1.9trn in pandemic relief in March, sending one-time $1,400 checks to qualified households and extending a $300 unemployment subsidy through early September. This brought the amount of government aid to nearly $6trn since the pandemic began. A bipartisan infrastructure bill, which would authorise a total of $1.2trn in spending over eight years ($579bn of new funding), continues to be negotiated by lawmakers, while the administration continues to push forward with its additional $3.5trn human infrastructure bill – focused on health (expansion of Medicare), diversity and inclusion, labour practices and climate change. The bill can now be passed using special budget rules allowing the filibuster to be circumvented, but it will require all 50 Democrats in the Senate to be on board. In both cases, progress is being made but there are political challenges to overcome, primarily regarding the source of funding and level of taxation.

While only time will tell if the Fed's view that inflation is transitory proves prescient, the above factors should certainly provide some offset. Around 70% of fund managers in the Bank of America (July) survey share the Fed's view for now. Unsurprisingly, the Federal Open Market Committee (FOMC) decided not to raise interest rates (from near zero), nor adjust the pace at which it buys government bonds each month. The committee said the economy has made "progress" towards its dual mandates of full employment and stable prices (inflation averaging 2% over the longer run), but not the "substantial" further progress in the labour market that it is looking for before it begins to reduce its purchases of long-term assets.

Fed Chair Jerome Powell told reporters that the pandemic's economic effects continued to diminish, but risks to the outlook remain. While he expects inflation to remain above the central bank's target level in the months ahead, it is not sufficient to cause the Fed to change its policy stance yet. It should be noted, however, that the Fed message could change rapidly should September/October jobs and inflation data remain strong. There is growing dissent within the Fed with prominent voices who want to start tapering bond purchases soon and complete it quickly "to allow for the possibility that inflation is more persistent and higher than we would like" (Bullard). Fed Reserve Governor Waller was even more explicit, stating: "We should go early and fast, in order to make sure we are in a position to raise rates in 2022 if we have to".

Technology review

The technology sector outperformed in July, the Dow Jones World Technology Index returned 1.2% in sterling terms. Software stocks led the way as the Bloomberg Americas Software Index increased 4.3% in local terms, while the Internet sector underperformed as the NASDAQ Internet Index declined 2.7%, despite strong results from most advertising-related stocks.

China's regulatory crackdown took a heavy toll on local internet-related stocks during July. We have reduced our China weighting significantly

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over the past 3-6 months and it is now a material underweight mainly due to our growing concerns around the regulatory environment. We have retained modest positions in Alibaba and Tencent where we still see potential for solid growth (but remain very underweight versus the benchmark) given these headwinds represent a material sentiment overhang. For now, stocks are not trading on fundamentals but the 2018 crackdown on Tencent/game usage may provide us with a useful benchmark. At that time, c20x EPS proved to be the floor valuation versus c22-23x today (assuming earnings are not materially negatively impacted by any changes, which remains uncertain or at least difficult to disprove for now).

China's regulatory changes on a wide range of issues from anti-trust, unfair competition, data regulations, teenager protection, cyber security, housing, social security and welfare have had the overarching aim of redefining the role of capital against the objectives of common prosperity and social responsibility. Chinese authorities have seemingly shifted their focus from eliminating poverty to achieving common prosperity, resulting in a fairer distribution of income. While laudable, the cost of taking on more social responsibility will weigh on corporates looking to grow/maximise profits while others are likely to invest more aggressively to obfuscate high profits for some time.

Second quarter earnings' season is approaching the half-way stage at the time of writing. A few key trends can be clearly identified during the quarter in which many of the major economies of the world significantly reopened following the lifting of pandemic restrictions. The first has been a broadly expected normalisation of post-lockdown engagement/usage across many of the internet platforms including Netflix, Spotify, Facebook and Twitter but especially Pinterest. The second has been the exceptionally strong advertising markets driving above expectation top-line growth at Snap, Alphabet and Facebook, as well as Twitter and Pinterest as brand advertising recovers.

In internet, Snap set a very high bar as it produced a blowout quarter with a big beat on both revenue and EBITDA. Revenues grew 116% y/y driven by strength in both direct response and brand spend. Q3 guidance also came in above consensus indicating the positive ad trends are set to continue. The quarter benefitted from a slower than anticipated rollout of Apple's ATT/IDFA changes, although Snap confirmed it is experiencing higher user opt-in rates than the broader industry which it believes is due to the community trust that Snap has established. Engagement metrics were also robust as 13 million daily active users (DAUs) were added during the quarter which included two million+ in North America along with commentary of improving engagement trends into the reopening phase – early recovery in posting user-generated stories and maps usage. Time spent watching content on Snapchat increased year-on-year with a key contributor being Spotlight (DAUs) which grew 49% q/q.

Twitter revenues up 74% y/y also significantly beat expectations. Strength in North America ad revenues drove the beat by growing 98% y/y. Management noted brand ad spend saw exceptional momentum and the Q3 guidance, topping expectations, suggests this will continue. Engagement metrics were in line with consensus as seven million DAUs were added in Q2. North America DAUs declined by one million q/q but management reiterated than Q2 was likely to be the trough for y/y user growth and retained their outlook for low double-digit user growth for the second half of 2021.

Alphabet exceeded high expectations with total revenue growth of 62% y/y supported by contributions from Search (68%), YouTube (84%) and Google Cloud (54%). Within the core search segment, the retail sector provided the largest contribution, but the travel and financial services sectors were also noted as strong contributors. The flow through of revenues dollars to operating income was impressive at $19.4bn, an increase of more than 3x against the comparable quarter last year. Google Cloud impressed with both higher growth and lower operating loss than expected as this business segment continues to move towards breakeven. Management talked about security and data analytics being two key competitive advantages for its cloud offering.

Facebook reported a strong quarter too – revenues grew 56% y/y, with ad revenues growing 50% in constant currency. Engagement was more mixed as North America DAUs remained flat q/q for the second consecutive quarter, while European DAUs declined by two million. The Asian and rest of world regions continue to grow DAUs at 28 million and 5 million respectively. Management commented on the importance of video to engagement as it now accounts for almost half of all time spent on Facebook, with Reels being the largest contributor to engagement growth on Instagram.

Pinterest was a notable disappointment despite similarly strong ad revenue (+125% y/y), which was overshadowed by weaker user trends and the stock sold off sharply following the results. Normalisation of user behaviour during reopening saw US MAUs decline by seven million and International MAUs by 17 million in the quarter. It was disclosed that most of the decline came from web-based versus mobile app users and are low monetising users. This was compounded by the removal of Q3 MAU guidance as management noted headwinds continued into July. After reducing our position size ahead of the quarter, we exited the remaining holding post-results.

In contrast to strong advertising growth, but as we expected, e-commerce growth in some segments continues to slow/normalise (against tough comparisons) as the economy reopens. Amazon, however, missed both current quarter revenues and guidance expectations for next quarter. Retail growth slowed more than expected, particularly from mid-May onwards. The early inclusion of Prime Day during the quarter (taken by some as a move to shore up Q2 results) only added to the disappointment. The North America segment grew revenues 22% y/y while the international segment delivered 36% y/y (26% in constant currency). Thankfully, AWS (cloud services) impressively reaccelerated growth by five percentage points to 37% y/y while advertising drove the 'other' segment revenue growth to 83% y/y. It remains to be seen how Amazon-specific this is, although Shopify also saw e-commerce growth rates slow by almost half (to a still very respectable 57% y/y given the tough comparisons from last year). Both companies still expect strong growth for the full year and second half but with headwinds as some spend is shifting back to offline channels and the tailwind from stimulus cheques in the US fades.

In software, bellwether Microsoft delivered another solid earnings report growing revenue 17% y/y and operating profit by 62% y/y, with robust next quarter guidance. The key growth engine of Azure grew 45% and only slowed one percentage point q/q. The $33bn run-rate commercial Office 365 segment saw growth accelerate to 20% y/y (in constant currency) and was driven by improved seat growth of 17% y/y and deeper Teams usage increasing adoption of high-end SKUs.

ServiceNow beat expectations on revenues and EPS and saw strong momentum in large deals. There were 51 deals greater than $1m executed in the quarter, up from 37 in the previous quarter. Subscription

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revenues of $1.3bn grew 31% while RPO (remaining performance obligations – the aggregate of deferred revenue and backlog) growth was 34%, ahead of the 30% guide. Full year subscription revenues and billings guidance were raised above consensus while encouraging commentary was provided on signs of recovery from industries most impacted by the pandemic.

Zendesk reported mixed results as a revenue growth miss overshadowed strengthening business momentum. Revenues grew 29% y/y with the underperformance being attributed in part to a moderation in usage of the Talk product as post-COVID-19 usage patterns began to normalise and a move to larger customers and suite sales hampered overall customer growth. Forward revenue guidance was below expectations, but we suspect this may prove conservative given it was the new CFO's first quarter with the company.

Twilio delivered another strong quarter with a beat and raise. Organic revenue reaccelerated to 52% y/y from 49% in Q1, with strength described as broad-based. The core messaging product remains a key driver while dollar-based net expansion rate impressively increased to 135%. Application-to-person (A2P) fees continue to impact gross margins alongside international growth and the strength of the messaging product. International revenue represented 32% of total revenue in the quarter, up from 29% in Q1 and 27% in the comparable quarter last year. Guidance was above consensus and notably did not include any contribution from the recent Zipwhip acquisition.

In hardware, Apple beat expectations for revenue growth, delivering 36% y/y but by a smaller magnitude than previous quarters. iPhone and Services were key drivers as management noted strength in iPhone 12 Pro and 12 Pro Max models in China. The services segment saw notable strength in advertising/licensing (most likely driven by its search agreement with Google). Next quarter guidance commentary indicated a revenue deceleration, in line with consensus estimates and factors in some expected supply constraints on iPhone and iPad shipments. We continue to like Apple, but a muted reaction was unsurprising given recent strength in the stock and likely normalisation of stimulus spend in the US.

In payments, PayPal disappointed with revenues of 19% y/y missing expectations primarily due to an accelerated eBay migration to managed payments which negatively impacted take rates as the high-yield eBay volumes declined. On the positive side, total payment volume (TPV) accelerated to 40% y/y (36% in constant currency) and Venmo saw nearly 70% revenue growth as it remains on track to reach $900m of revenue in 2021. Full year TPV guidance was increased to 33-35% y/y from 30%, but revenue guidance was left unchanged.

Square announced strong results ahead of consensus at the gross profit ($1.14bn versus consensus $1.02bn) and EBITDA lines ($360m versus consensus $180m), although reported revenue missed expectations due to lower bitcoin-related revenues. The company also announced the $29bn acquisition of Australian buy now pay later (BNPL) leader AfterPay*, which should further accelerate gross profit growth and help strengthen Square's two-sided network (Cash App and Seller businesses). AfterPay should also further bolster Square's efforts to increase engagement among its 40 million Cash App monthly transacting users, two-thirds of whom are now transacting weekly – encouragingly, Square's share price reacted positively, up 10% on the deal announcement.

In semiconductors, AMD delivered an outstanding quarter, beating revenue growth expectations at 99% y/y and showing upside to EPS. The outperformance was driven by stronger than anticipated data centre growth. Cloud CPU demand is accelerating with growing hyperscale adoption of Zen CPUs and expansion of the number of public cloud instances using Zen chips. Next quarter guidance of 46% y/y at the mid-point was also above consensus. After Intel recently updated its technology roadmap, we see little to stop AMD continuing to take share in the server CPU market.

Two significant pieces of M&A were announced during the month. The first was the acquisition of Five9* by Zoom Video and the second the aforementioned Square/Afterpay* deal. Zoom Video announced an agreement to acquire contact centre as a service (CCaaS) provider Five9 for $14.7bn. The combination of the two businesses creates a formidable player in the unified communication software market. Both parties discussed the deal as being customer-led with the consolidated IT buyer now needing one platform fully integrated across UCaaS (unified consumer as a service) and CCaaS.

Outlook

The market narrative has evolved from the ubiquitous reopening/reflationary default during the first third of the calendar year to a more contested recovery where growth data no longer surprise unequivocally to the upside. Market participants are contending with new threats to the economic recovery, including the spread of the highly contagious Delta variant, the waning efficacy of vaccines (itself showing increasing variance by manufacturer) and a heterogenous picture of case numbers, lockdowns (especially in APAC) and fiscal/monetary responses.

A broadly disappointing labour market recovery and concerns over the fundamental growth outlook as fiscal support slows have further undermined a recovery now less certain than it appeared in March or April. There is tail risk that the economic damage from the COVID-19 crisis has been deferred, rather than avoided, as more than three quarters of credit moratoriums in the euro area have now expired, and half of US states have withdrawn the $300 top-up to unemployment benefits already.

Technology companies are themselves having to navigate reopening headwinds that could temporarily challenge secular growth. It is against this backdrop that we maintain our more barbell portfolio shape, recognising COVID-19 as a period of forced mass experimentation which firmly underpins our conviction that we are reopening into a hybrid world, one in which technology is much more important, but mindful of the challenges posed to next generation technology winners in the near term – especially with valuations for the best assets elevated versus history.

As always, our most significant consideration for the health of the portfolio remains the performance and growth of the underlying companies. Second quarter earnings (still ongoing) have proved robust despite challenging year-on-year comparisons in many cases. The online advertising ecosystem remains healthy following strong prints from Alphabet, Facebook and Snap, and new business customers continue to derive high ROIs from online marketing spending in a hybrid world.

The software sector may be the longest-term beneficiary in a hybrid world consisting of a physical layer interposed with a software/data layer. The sector has continued to see strong growth and earnings/outlooks from ServiceNow, Twilio and Microsoft remain supportive of a strong corporate IT spending environment.

Demand for digital transformation remains robust, and our constructive long-term outlook is underpinned by our belief that this trend remains early in its development. The impact of the COVID-19 crisis in accelerating this future shift has been material. A recent survey by

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Morgan Stanley showed the proportion of CIOs expecting to increase their IT spend as a percentage of revenues in the next three years has increased from 26% in 4Q19 to 46% in 2Q21. Moreover, our thesis that the rate of technology diffusion is accelerating to non-tech sectors was supported by further data in the survey which indicated the largest increases from pre- to post-COVID-19 came from non-tech sectors such as retail, education, healthcare, financial services and industrials. We believe every industry will be transformed digitally and we expect artificial intelligence/machine learning and cloud computing to be central to this.

Unsurprisingly, cloud computing demand remains robust. The three largest cloud vendors (AWS, Microsoft Azure and Google's GCP) saw combined revenue growth accelerate to 44% y/y from 39% y/y last quarter to a $105bn annual run rate, and all grew their backlogs >10% q/q. Remarkably, the overall growth of cloud computing as a category appears early in its lifecycle, as a quarterly CIO survey from Goldman Sachs indicated that CIOs believe only 21% of their total workloads reside in the cloud today – a figure that has remained consistent for the past five years despite the large increase in cloud workloads and cloud provider revenues.

Company commentary and outlooks have highlighted several other shifts in the landscape. In the near term, it seems that e-commerce growth has returned to more normalised levels reflected in modestly disappointing results and guidance from Amazon and other e-commerce names. Bank of America's card spending data indicates that card not present (online) spending as a percentage of total card spending has drifted down to c16%, well up on c12-13% pre-COVID-19 but down from its 19-20% range in 2020 and early 2021. We have also seen disappointment on further consumer adoption of digital and social media apps including user growth expectation misses at Pinterest (subsequently sold), Spotify*, Twitter and Netflix*.

The acceleration and broadening of technology adoption should continue to provide tailwinds for our eight core investment themes against a backdrop of limited alternatives to growth equities for long-term real returns. Despite pockets of slowing growth/engagement which may persist for a quarter or two (due to normalising behaviour during reopening), we remain bullish on the outlook for earnings for the remainder of the year. However, we remain mindful of elevated valuation multiples for high growth stocks and the likely withdrawal of Fed support (tapering) which could cause volatility in coming months. We therefore remain a little more conservatively positioned (helped by some deep out of the money NDX put options and cash to reduce portfolio beta) while retaining a little more economic-sensitive exposure within the portfolio than is our norm. Despite this, we continue to eschew ex-growth/legacy companies (even those enjoying a temporary renaissance) and remain resolute that our growth-centric investment approach with valuation discipline will drive superior risk-adjusted investment returns over the longer term.

* Not held

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 26 years of industry experience.

Nick Evans - Partner

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Alastair Unwin - Fund Manager

Chris Wittstock - Senior Investment Analyst

Bradley Reynolds - Investment Analyst

Paul Johnson - Investment Analyst

Nick Williams - Investment Analyst

Patrick Stuff - Investment Analyst

Important Information

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