

## 28 February 2013

### Fact sheet

#### Fund Manager Comment

##### Market review

While equities ended the month largely unchanged, pronounced sterling weakness (which fell more than 4% versus the US dollar) resulted in the FTSE World Index gaining 4.4% in GBP terms. Although volatility increased towards month-end, equity markets were relatively resilient given the backdrop of weaker oil prices and soft US economic data and US ten year treasury yields fell to 1.9%. A solid end to fourth quarter earnings season and a pick up in M&A activity (including Berkshire Hathaway's US\$28bn bid for Heinz) boosted investor sentiment. This helped mitigate growing discontent in Europe where the Spanish Prime Minister, Mr Rajoy, was accused of corruption, while Italian elections resulted in no clear majority due to a significant protest vote against austerity programs. This was also evident during the recent Eastleigh by-election which saw UKIP gain significant ground, perhaps also highlighting growing anti-euro sentiment which, together with a weak PMI, was largely responsible for sterling weakness. Although the month ended on a positive note (equities rallying after better than expected US consumer sentiment and ISM manufacturing data) the relief proved short-lived as US politicians failed to negotiate a 'grand bargain' thus triggering the automatic sequester budget cuts which were agreed last year.

##### Technology review

The technology sector marginally outperformed broader markets during the month with the Dow Jones World Technology Index rising 4.9% in sterling terms. Small-cap stocks led, aided by a solid end to fourth quarter earnings while large-caps were held back by the continuing underperformance of Apple. Semiconductors were amongst the better performing sectors, boosted by upbeat commentary from companies such as Texas Instruments that added credence to the view that Q1 will prove the cycle trough. Earnings season remained supportive with companies such as Amazon, LinkedIn, Mastercard, Qualcomm and Salesforce.com all reporting robust results. Amongst our smaller holdings Aruba, Infoblox, PRO Holdings, QLIK Tech and Sourcefire all also reported very strong quarters. The Trust also benefited from its first 'take-out' of the year with Oracle announcing its intention to acquire Acme Packet for US\$1.7bn, a 24% premium to its prior close.

##### Outlook

We remain constructive on equity markets largely because of our long held view that policymakers' interests remain well aligned with those of equity investors. Despite the inevitable focus on subtle changes in Federal Reserve commentary (as investors worry about the sustainability of the so-called 'Fed put') we continue to expect US (and global) monetary policy to remain extremely accommodative until a 'self sustaining' growth trajectory is achieved. While markets appear a little extended in the near term (investor sentiment, versus moving averages etc) we continue to believe the equity asset class remains under-owned and attractive versus alternatives. Elsewhere, Europe remains weak but stable, aided by easier year over year comparisons, while in China we expect to see further targeted stimulus measures announced following the leadership handover currently taking place at the National People's Congress (we expect the policy focus of the new leadership to shift from an export-led economy to consumer driven, increased defence spending, green/clean environmental initiatives and 3G/4G wireless broadband rollout).

Turning to technology, the pace of innovation in the sector is clearly accelerating, driven by a combination of cloud centric architectures (lowering the cost of computing) and ubiquitous internet access (enabled by smartphones/tablets combined with 3G/4G networks an increasing WiFi coverage). We therefore believe the sector is entering a more pernicious phase, as enterprises begin to fully adopt hybrid and public cloud computing. Against this backdrop, we expect Amazon Web Services (AWS) to increasingly become the 'price setter' in an industry gravitating towards a utility form of computing. Fortunately, we are also tracking more fascinating emerging private (and quoted) technology companies than at any time we can remember which bodes well for the IPO pipeline and the medium-term health of the sector. However, a significant portion of the sector's growth in the years ahead may be poorly captured by both traditional IT budgets and market-cap weighted technology indices. Software as a Service (SaaS) is a good example of this dynamic with penetration of c. 12% today pointing to a potential inflection in demand over the coming years. While this will dampen overall IT spending (as software spending shifts from capex/perpetual licence to opex/subscriptions) and will probably hurt legacy vendors, it should prove a continuing boon for next-generation SaaS providers who remain poorly represented within traditional technology indices.

In addition to our core themes that centre around internet infrastructure and applications, we are also fascinated by the potential application sets made possible by so-called 'Big Data' – more on this in our upcoming Annual Report. Other investment themes include 'Moore's stress' and the move to EUV/450mm wafers, supplier consolidation (e.g. in memory, hard drives), contactless/mobile payments, cybersecurity, healthcare IT and energy conservation. As the new cycle becomes increasingly deflationary, we expect to make further investments at the periphery of our investable universe as other industries/verticals (eg. agriculture, healthcare, industrials, marketing) are transformed by cheap, 'elastic' computing made possible by cloud computing.

Ben Rogoff, 11 March 2013

#### Trust Facts

##### Ordinary Shares

Share Price (p)	405.80
NAV (undiluted) per Share (p)	419.18
Premium (%)	-
Discount (%)	3.19
Capital Structure	128,220,357 shares of 25p

##### Subscription Shares†

Share Price (p)	7.50
Exercise Price (p)	
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	24,785,845 shares of 1p

Total Net Assets (£m)	537
AIC Gearing Ratio (%)*	0.00
AIC Net Cash Ratio (%)*	1.00

\*Gearing calculations are exclusive of current year Revenue/Loss

#### Trust Characteristics

Launch Date	16 December 1996
Lead Manager	Ben Rogoff
Year End	30 April
Results Announced	Mid June
Next AGM	September 2013
Continuation Vote	2015 AGM; every 5 years
Listed	London Stock Exchange

#### Benchmark

Dow Jones World Technology Index (Total Return)  
(from 1 May 2006)

#### Fees\*

Management Fee	1.00%
Performance Fee**	15% over Benchmark
Ongoing Charges (historic)	1.16%

\* Further details can be found in the Report & Accounts

\*\* Subject to high watermark and cap

#### Trust Overview

##### Objective

The investment objective is to maximise capital growth for our shareholders through investing in a diversified portfolio of technology companies around the world.

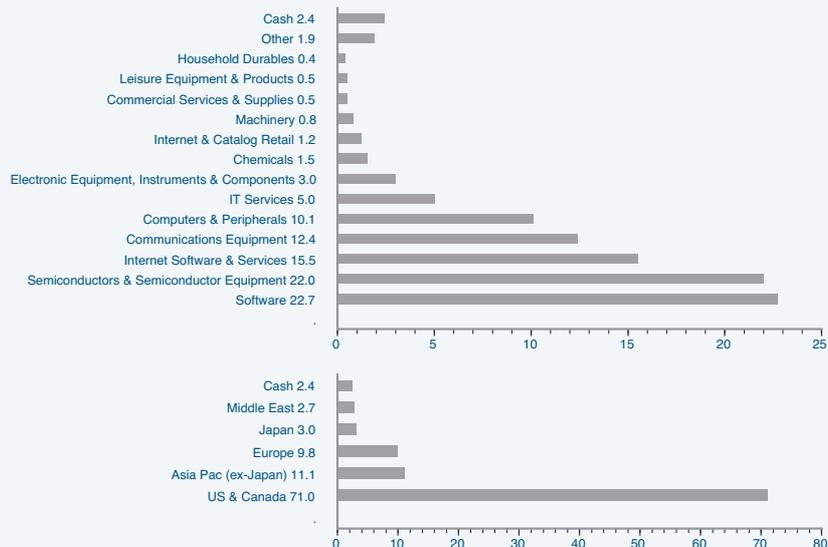
†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this list. A list of all recommendations made within the immediately preceding 12 months is available upon request.

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Fact sheet

## Sector & Geographic Exposure (%)



**Total Number of Holdings** 130

## Top Ten Holdings (%)

Google	7.4
Apple	6.5
Microsoft	4.2
Samsung Electronics	3.9
IBM	3.2
Qualcomm	2.8
Oracle	2.6
Cisco Systems	2.1
TSMC	2.0
SAP	1.9
<b>Total</b>	<b>36.6</b>

## Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	67.2
Medium (US\$ 1bn to 10bn)	23.6
Small (less than US\$ 1bn)	9.2

## Trust Overview

### Investment Rationale

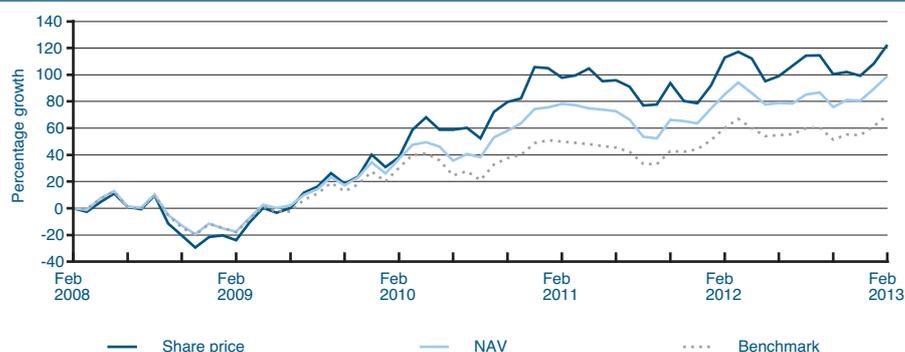
Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new technology. Technology is transforming the competitive position of companies and entire economies, thereby fuelling a major secular increase in technology spending.

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

### Approach

Polar Capital selects companies for their potential for generating capital growth, not on the basis of technology for its own sake. We 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 Over 5 Years



## Share Price & NAV per Share Over 5 Years



## Cumulative Performance (%) to 31/01/2013

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	6.68	9.97	3.71	4.45	122.36
NAV per Share	4.94	9.84	7.39	7.27	98.91
Benchmark	5.01	9.19	6.08	5.79	69.59

## Discrete Annual Performance (%)

	30/04/12 28/02/13	28/04/11 30/04/12	30/04/10 28/04/11	30/04/09 30/04/10	30/04/08 30/04/09
Share Price	4.86	3.61	21.74	67.65	-4.06
NAV per Share	6.78	6.59	16.88	45.63	-4.42
Benchmark	5.98	8.12	4.87	39.63	-5.45

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return

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Fact sheet

## Polar Capital Technology Investment Management Team

Polar Capital Technology Trust is managed by the Polar Capital technology team. Polar Capital was established by the senior technology fund managers previously responsible for Henderson's specialist technology funds. Today's Polar Capital technology team comprises of five investment professionals.

### Ben Rogoff - Director, Technology



Ben has been a technology specialist for fourteen years having begun his career in fund management at CMI, as a global technology analyst. He moved to Aberdeen Fund Managers in 1998 where he spent four years as a senior technology manager prior to joining Polar Capital in May 2003. He is lead manager of Polar Capital Technology Trust plc and is also joint manager of Polar Capital Global Technology Fund. Ben graduated from St Catherine's College, Oxford in 1995.

### Technology Investment Management Team:

#### Nick Evans - Senior Fund Manager

Nick joined Polar Capital in September 2007 and has thirteen years experience as a technology specialist. He has been lead manager of the Polar Capital Global Technology Fund since January 2008. Prior to joining Polar he was Head of Technology at AXA Framlington and lead manager of the AXA Framlington Global Technology Fund and the AXA World Fund (AWF) - Global Technology from Aug 2001 to July 2007 (both rated five stars by S&P). He also spent three years as a Pan European Investment Manager and Technology Analyst at Hill Samuel Asset Management. Nick graduated from Hull University with a degree in economics.

#### Fatima Iu - Fund Manager

Fatima joined Polar Capital in April 2006 after working as an analyst with Citigroup Asset Management for 18 months. She focuses on European technology stocks and has responsibility for coverage of the global medical technology sub-sector. Fatima graduated from Imperial College London in 2002 with a degree in Medicinal Chemistry.

#### Colin Moar - Fund Manager

Colin joined Polar Capital in January 2011, having spent 13 years covering pan-European and then Global Equity markets with the Technology sector as his main focus. He started his career at Morley Fund Management in 1997 initially covering UK/European equities before moving to their global equity team in 2002. From 2006 he took responsibility for €450m of the team's focused Global Equity funds. In January 2010 Colin joined HSBC Asset Management's Global Equity team as a Senior Fund Manager. Colin Graduated from the University of Edinburgh with a degree in Business Studies.

#### Xuesong Zhao - Fund Manager

Xuesong joined Polar Capital in May 2012, having spent most of the previous four years working as an investment analyst within the Emerging Market & Asia team in Aviva Investors, where he was responsible for the Technology, Media and Telecom sectors. Prior to that, he worked as a quantitative analyst and risk manager for the Emerging Market Debt team at Pictet Asset Management. He started his career as a Financial Engineer at Algorithmics, an IBM company, in 2005. He holds an MSc in Finance from Imperial College Science & Technology and a BA (Hons) in Economics from Peking University and is a CFA charter holder.

## How to Invest

### 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

The company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Equiniti to be made available.

Tel: 0870 850 0852  
Online: [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing)

### Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme and an ISA administered by Alliance Trust Savings Scheme, by contacting Alliance Trust.

Tel: 0800 326 323  
Online: [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk)

## Registered Office

4 Matthew Parker Street, London SW1H 9NP

## Custodian

JP Morgan Chase NA acts as global custodian for all the Company's investments.

## Registrar

Equiniti  
The Causeway, Worthing, West Sussex BN99 6DA  
[www.shareview.co.uk](http://www.shareview.co.uk)

## Codes

### Ordinary Shares

London Stock Exchange	PCT
Reuters	PCT.L
Bloomberg	PCT.LN

### Subscription Shares

London Stock Exchange	PCTS
Reuters	PCTS.L
Bloomberg	PCTS.LN

## Website

[www.polarcapitaltechnologytrust.co.uk](http://www.polarcapitaltechnologytrust.co.uk)

## House View

This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

## Important Information

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This document does not provide all information material to an investor's decision to invest in the Polar Capital Technology Trust PLC, including, but not limited to, risk factors.

## Statements/Opinions/Views

All opinions and estimates in this report constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Polar Capital is not rendering legal or accounting advice through this material; readers should contact their legal and accounting professionals for such information.

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## Holdings

The top 10 positions were selected based on percentage of AUM. This 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 fund. 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 fund's best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

## 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](http://www.djindexes.com) for further information on this index. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, the index noted in this presentation is unmanaged, are not available for direct investment, and is not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the index 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. The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to the index 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 Services Authority ("FSA") 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, 4 Matthew Parker Street, London SW1H 9NP.

## 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.

## Forecasts

References to future returns are not promises or even estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, the forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

## Performance

Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Many factors affect fund performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment return and principal value of your investment will fluctuate, so that when your investment is sold, the amount you receive could be less than what you originally invested. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Where investments are made in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, or the income from, the investment. Investments are not insured by the FDIC (or any other state or federal agency), are not guaranteed by any bank, and may lose value.

## Investment Process - Risk

No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable. Investors may lose all of their investments.

## Allocations

The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. The actual performance of the fund will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the fund while minimizing its risk. The actual investments in the fund may or may not be the same or in the same proportion as those shown herein.