Polar Capital Technology Trust plc

Trust Fact Sheet
30 May 2014

Trust Facts

Ordinary Shares	
Share Price	465.00p
NAV per share	479.39p
Premium	-
Discount	-3.00%
Capital	132,336,159 ordinary shares of 25p

Assets & Gearing[1]	
Total Net Assets	£634.4m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	3.31%

Benchmark

Dow Jones World Technology Index Total Return adjusted for withholding taxes (from 1 May 2013)

Fees[2]

Management	1.00%
Performance	15% over Benchmark

Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 4 and the full Risk Warnings in the Prospectus.

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 investment objective is to maximise long-term capital growth through investing in a diversified portfolio of technology companies around the world.

Investment Rationale

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.

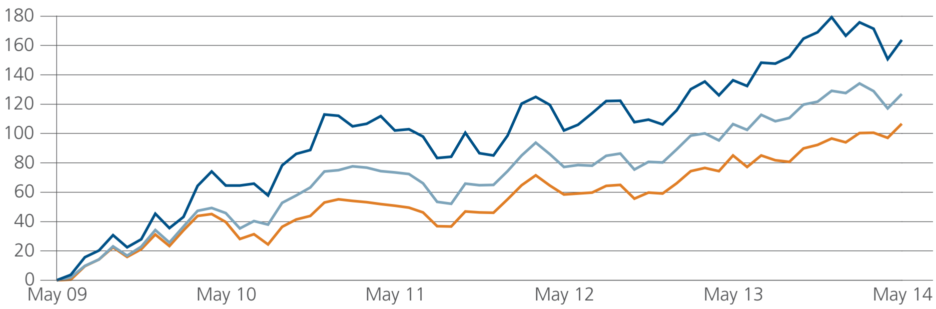
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

Investment Approach

Polar Capital selects companies for their potential for shareholder returns, 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

Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
■ Ordinary Share Price	5.20	-4.32	-1.94	11.62	163.83
■ NAV per Share	4.56	-3.05	2.43	9.93	126.98
■ Benchmark	4.85	3.20	7.58	11.77	106.70

Discrete Annual Performance (%)

	30/04/14 30/05/14	30/04/13 30/04/14	28/04/12 30/04/13	30/04/11 28/04/12	30/04/10 30/04/11
Ordinary Share Price	5.20	10.92	2.97	3.61	21.74
NAV per Share	4.56	11.17	5.01	6.64	16.88
Benchmark	4.85	13.07	5.98	8.12	4.87

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return. 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 in the Report and Accounts.

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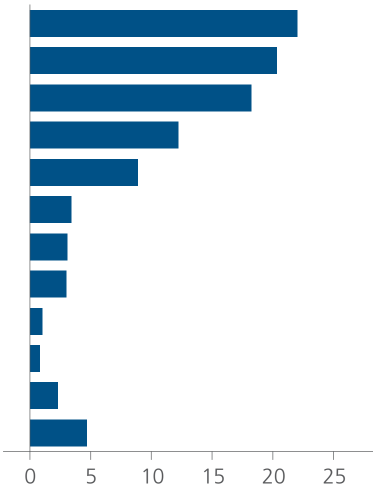
Polar Capital Technology Trust plc

Portfolio Exposure

As at 30 May 2014

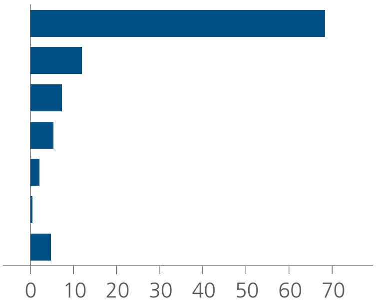
Sector Exposure (%)

Internet Software & Services	22.1
Semiconductors & Semiconductor Equip.	20.3
Software	18.3
Tech. Hardware, Storage & Peripherals	12.2
Communications Equipment	8.9
Internet & Catalog Retail	3.4
Elec. Equip. Instruments & Components	3.1
IT Services	3.0
Machinery	1.0
Healthcare Technology	0.8
Other	2.3
Cash	4.7



Geographic Exposure (%)

US & Canada	68.3
Asia Pac (ex-Japan)	11.8
Europe	7.2
Japan	5.3
Middle East & Africa	2.1
Latin America	0.5
Cash	4.7



Top 10 Holdings (%)

Google*	8.0
Apple	8.0
Facebook	3.8
Microsoft	3.2
Samsung Electronics	2.7
Amazon	2.3
Qualcomm	2.1
Intel	1.8
Cisco Systems	1.7
Tencent	1.5
Total	**35.1**
Total Number of Positions	**127**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	69.7
Mid Cap (>$1bn - $10bn)	21.6
Small Cap (<$1bn)	8.6

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

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

Telephone	0800 326 323
Online	www.alliancetrust.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

4 Matthew Parker Street, London SW1H 9NP
www.polarcapitaltechnologytrust.co.uk

Custodian

HSBC PLC acts as global custodian for 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 June
Next AGM	September 2014
Continuation Vote	2015 AGM
Listed	London Stock Exchange

Codes

Ordinary Shares

ISIN	GB004220025
SEDOL	422002
London Stock Exchange	PCT

The entire investment portfolio is published in the annual and semi annual reports and as part of the interim management statement.

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.

*Combination of Class A and Class C Google shares.

Fund Manager Comments

As at 30 May 2014

Market Review

Markets continued on their steady upward trajectory with a number of developed world equity indices making new highs during the month, the FTSE World Index rising 2.3% in sterling terms. The disconnect with the bond markets has become even more apparent as sovereign yields continued to decline, confounding many market commentators with the US 10-year Treasury yield reaching 2.46% (lowest since June 2013), Spanish 10-year 2.85% and Italian 10-year 2.96%. These moves to some extent reflect a belief that central banks around the world will continue to employ some form of monetary easing - particularly in Europe; whilst recent pressure on US yields in the face of a gradually strengthening US economy is probably more a reflection of US treasuries' relative attractiveness as well as the attraction of the US dollar versus other currencies. The Bank of England (BoE) for example, has been adamant that loose monetary policy will continue to be required despite what looks to be a healthy recovery trajectory in the UK, while the ECB hinted strongly at their last meeting that they would be ready to use non-conventional measures (QE) to stem the ongoing risk of deflation. Chinese data remains soft although the People's Bank of China (PBOC) has ruled out further broad based stimulus, instead opting for "targeted easing", employing specific monetary and fiscal policies for certain sectors such as agriculture. The Japanese central bank has also deemed further stimulus to be unnecessary for now, supported by a healthy inflation print in May, but that has not stopped investors from expecting more as many feel that the impact of the consumption tax hike has not yet been captured.

Technology Review

May was a strong month for the technology sector, both in absolute and relative terms, the Dow Jones World Technology Index advancing 4.6% in sterling terms. Growth stocks also finally managed to catch a bid, the Russell 1000 Growth Index rising 2.9%, 170bps ahead of the Russell 1000 Value Index. The same dynamic could be observed within the technology sector, with many of the hardest hit growth/high PE names finishing the month 10-15% off their lows (albeit with many still down 30-50% from their recent high). Unfortunately, this was far from a broad-based recovery although Internet names saw a good rebound with the NASDAQ Internet Index (QNET) gaining +4.6%. Semiconductors also performed strongly, with the Philadelphia Semiconductor Index (SOX) finishing the month back at levels last seen in 2002, in part due to its exposure to the economic recovery but also because the sub-sector is far from the epicentre of the recent 'growth drawdown'. Elsewhere, risk appetite remained decidedly muted, with SaaS, big data and security names remaining out of favour. Small/mid-cap technology stocks have also continued to trail large-cap peers, the Russell 2000 Technology Index gaining only 1.4% in the month compared to a 3.5% gain for the Russell 1000 Technology Index, despite having now given up over two thirds of its outperformance versus large-caps since 2012. With the exception of poor earnings/guidance from Infoblox and evidence of margin pressure at Aruba Networks, the majority of technology results in May were supportive of our belief that the new cycle has entered a second more pernicious phase. That said, stock price reactions were still disappointing with holdings such as Nimble Storage, Salesforce.com, Splunk and Tableau struggling despite delivering results ahead of expectations. Fortunately, Palo Alto Networks - another stock we have been adding to - managed to buck the trend, trading up on strong numbers (acceleration in billings growth) and the settlement of litigation with Juniper. Apple also continued to perform strongly with management referencing "the best product line up in 25 years" while adopting a slightly more offensive style following its acquisition of Beats Electronics for $3bn.

Outlook

After two challenging months for our growth-centric investment style, the second half of May saw investors tentatively return to higher quality growth assets. While there is little sign of a sharp broad based recovery in appetite for growth stocks, this is to be expected with momentum investors unlikely to return in the near-term while several large technology hedge funds are said to be facing performance issues and possible redemptions.

Having witnessed small-caps (both within tech and the broader US market) surrender c. 50% of their cumulative post 2009 performance in a matter of weeks, we have been active within the portfolio taking advantage of this unusual period to add to existing names such as Amazon and Splunk while initiating a number of new 'entry-level' positions in stocks that we have followed for some time (including Tableau and Ultimate Software) as well as buying back into stocks we exited late last year, such as Concur Technology and LinkedIn.

Although we remain constructive about the outlook for the portfolio, we are cognizant that the US (and other developed world equity markets) look a little extended while a number of contrarian indicators (such as investor sentiment, implied volatility and IPO activity) suggest some complacency has returned. While we have been quick to add to a number of the stocks in our portfolio, the current hiatus has been highly unusual because the small-cap / growth slump has occurred in the absence of a market correction. In addition to rotating the portfolio towards small-caps at the expense of large-cap incumbents (many of which have performed exceptionally of late), we have also purchased a small position (c.35bps) of out of the money October SPDR S&P ETF Trust (SPY) put options to ameliorate the downside beta of the portfolio and the risk of further growth underperformance in the event of a market setback. This should not be regarded as us turning bearish - far from it – rather, we believe it to be the best way to take advantage of greatly reduced next generation asset prices while guarding against the additional market risk this involves, a decision made easier by relatively cheap premiums (implied volatility having fallen to post-1990 lows).

From a technology perspective, we continue to believe that the new cycle has entered a second, more pernicious phase now that new technologies (epitomized by cloud computing) have begun to substitute, rather than merely complement existing ones. The shift away from enterprise computing already appears to be gathering pace, a legacy software company recently referring to "a dramatic acceleration to the cloud over the past six to nine months". Although incumbents will do their best to reinvent themselves, new cycle deflation is likely to wreak havoc on legacy business models that look increasingly "incompatible with cloud computing" while the emergence of Chinese competition represents an entirely new medium-term risk. In contrast, we expect our next-generation companies to continue to deliver growth as recipients of reallocated budgets and/or beneficiaries of new, untapped pools of technology spending as the sector permeates into other industries. Should the current divergence between fundamentals and stock prices persist, we expect to see the return of public market M&A by growth-challenged incumbents as they seek to reinvent themselves with ever greater urgency.

Ben Rogoff

11 June 2014

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 18 years of industry experience.

Nick Evans - Senior Fund Manager

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manage

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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 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 historic complete list of the portfolio holdings may be made available upon request. 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 designed to provide updated information to professional investors to enable them to monitor the Fund. No other persons should rely upon it. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

Benchmarks The following benchmark indices are used: Dow Jones World Technology Index (Total Return). These benchmarks are generally considered to be representative of the Technology Equity universe. These benchmarks are broad-based indices which are used for comparative/illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Please refer to www.djindexes.com for further information on these indices. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the fund. 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 indices noted in this document are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the fund 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. The information regarding the indices is included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to any of the indices 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 Conduct Authority ("FCA") 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. Investment managers which are authorised and regulated by the FCA are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the investment manager which can reasonably be expected to provide one investor with more favourable rights, which are material, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Administrator on 0800 3134922. The Fund is prepared to instruct the custodian of the Fund, upon request, to make available to investors portfolio custody position balance reports monthly in arrears.

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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 or prospectus 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.

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