Polar Capital

Polar Capital Technology Trust plc

Trust Fact Sheet

28 September 2018

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

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

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.

Trust Facts

Ordinary Shares

Share Price	1330.00p
NAV per share	1369.12p
Premium	-
Discount	-2.86%
Capital	133,825,000 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£1,832.2m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	7.75%

Benchmark

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

Fees [2,3,4]

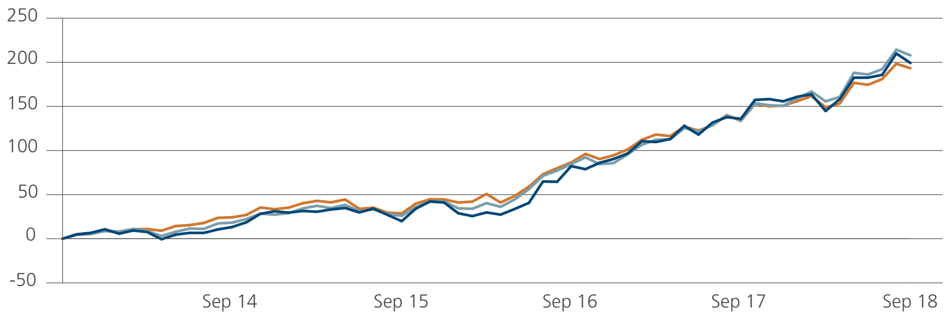
Management	1.00%
Performance	15% over Benchmark
Ongoing Charges	1.01%

FX Rates

GBP/USD	1.3041
GBP/EUR	1.1227
GBP/JPY	148.1205

Performance

Performance over 5 years (%)



	1 month	3 month	YTD	1 year	3 years	5 years
Ordinary Share Price (TR) [5]	-3.48	5.89	16.97	26.79	149.53	199.21
NAV per share	-2.06	7.58	22.85	31.39	144.47	207.88
Benchmark	-1.68	6.85	16.93	25.61	128.00	193.32

Discrete Performance (%)

	30.04.18 28.09.18	30.04.17 30.04.18	30.04.16 30.04.17	30.04.15 30.04.16	30.04.14 30.04.15
Ordinary Share Price	15.85	21.22	67.31	-4.39	33.94
NAV per share	18.06	22.66	56.13	1.05	30.71
Benchmark	15.82	17.05	53.38	-0.11	29.46

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.

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.

1. Gearing calculations are exclusive of current year Revenue/Loss.
2. Management fee is 1% of net assets up to £800m, 0.85% on net assets over £800m to £1700m and 0.8% on net assets above £1700m.
3. The performance fee is subject to a highwater mark and cap. Further details can be found in the latest Annual Report.
4. Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.

Awards & Ratings

Money Observer Trust Awards 2018
Best Large Trust
Highly Commended
Polar Capital Technology

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

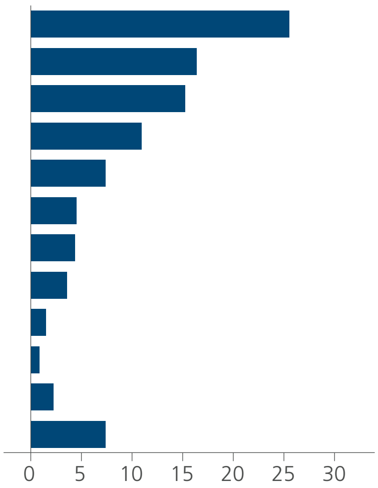
T: +44 (0)20 7227 2721 **| E:** investor-relations@polarcapital.co.uk **| W:** www.polarcapital.co.uk

Portfolio Exposure

As at 28 September 2018

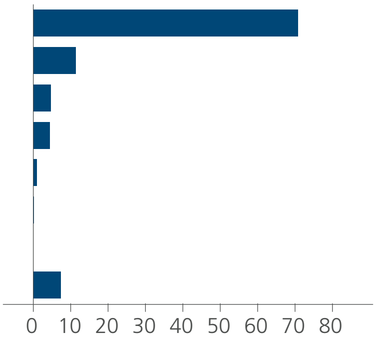
Sector Exposure (%)

Software	25.5
Interactive Media & Services	16.4
Semiconductors & Semiconductor Equip.	15.2
Tech. Hardware, Storage & Peripherals	10.9
Internet & Direct Marketing Retail	7.4
Elec. Equip. Instruments & Components	4.5
IT Services	4.4
Entertainment	3.6
Communications Equipment	1.5
Machinery	0.8
Other	2.3
Cash	7.4



Geographic Exposure (%)

US & Canada	70.8
Asia Pacific (ex-Japan)	11.4
Europe (ex UK)	4.6
Japan	4.5
UK	1.0
Middle East & Africa	0.1
Latin America	0.1
Cash	7.4



Top 15 Holdings (%)

Alphabet	9.1
Microsoft	8.9
Apple	8.0
Facebook	3.7
Amazon.com	2.8
Tencent	2.5
Alibaba	2.4
Taiwan Semiconductors	2.4
NVIDIA	1.9
Samsung	1.9
Salesforce.com	1.8
Adobe Systems	1.6
ServiceNow	1.4
Xilinx	1.4
Texas Instruments	1.4
Total	**51.2**

Total Number of Positions **113**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	77.4
Mid Cap ($1bn - $10bn)	21.4
Small Cap (<$1bn)	1.2

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.

Polar Capital Technology Trust plc

Fund Manager Comments

As at 28 September 2018

Market Review

Equity markets were mildly negative during September, the MSCI All Country World falling 0.2% in Sterling terms.

September proved a far calmer month as emerging market concerns that had pressured markets in August abated. Only the Italian budget announcement in the final days of the month caused any noteworthy volatility. Oil prices continued their march higher, Brent passing $80/barrel gaining 6.9% during the month.

The US Federal Reserve raised interest rates by 25bps as widely expected. Committee members' dot plot forecasts suggest a high expectation for another rate hike in December. With the committee evenly split between two, three and four hikes in 2019 there clearly remains some degree of uncertainty about policy in 2020.

During the month we witnessed the US announce tariffs on $200bn of Chinese exports to the US and later put these into effect at a tariff level of 10%. China subsequently retaliated with tariffs on $60bn of US imports. With planned US/China trade talks called off by the Chinese and a suggestion that these will not resume until after the US mid-term elections, limited progress is expected in the near term. We did though finally receive some positive news with regards to trade policy as the US and Canada managed to reach an agreement on a reworded NAFTA agreement.

China PMIs showed weakness in the manufacturing sector as both the official and Caixin manufacturing readings declined more than expected in September registering at 50.8 and 50 respectively. These data points led to concerns that the negative fallout from the trade war are starting to become visible in the macroeconomic data.

A few days before month end the new populist coalition government in Italy published its budget plans that consisted of a deficit target of 2.4% of economic output, a tripling of its predecessors' goal. The anti-establishment faction had noticeably asserted their authority in the negotiations and this unnerved investors, resulting in a bout of market turbulence. At the time of writing there has been a softening of language from Italy and reports that the budget deficit target will be revised down to 2%.

Technology Review

The technology sector underperformed the broader market during the month. The Dow Jones World Technology Index (W1TEC) declined -1.7% in sterling terms. The off-quarter reporting companies delivered largely disappointing results in general and this was encapsulated by Oracle** who posted another mixed quarter as continued deceleration in cloud services and licence support was offset by a dramatically accelerated level of share repurchases. Oracle spent $10bn buying back shares during the quarter and have now decreased the share count by 8.5% over the past twelve months.

In the semiconductor sector Micron posted a mixed earnings report as a big EPS beat was accompanied by soft guidance for the next quarter. DRAM inventory correction at specific customers, client CPU shortages and NAND oversupply were cited as near-term headwinds. The company has incorporated a further 50-100bps negative impact to gross margin within its guidance to reflect the increasing uncertainty created by the trade war. While management was careful to point out that DRAM weakness was not related to a specific market sub-segment (investors had been nervous about a slowdown at hyperscale customers), its commentary left plenty of room for interpretation.

In software, Red Hat produced a disappointing earnings report with Q2 revenues below consensus and lowered revenue guidance for financial year 2019. Billings exceeded expectations, accelerating from 9% y/y in the previous quarter to 16% y/y. The biggest disappointment in the quarter was the continued deceleration of the infrastructure segment which slowed to 8% y/y. Management believes that Q2 represents the trough for the infrastructure segment and expect an acceleration next year given a larger renewal base.

Adobe delivered a strong quarter with both revenue and earnings beating expectations. Further margin expansion was achieved as operating margins improved, up 240bps y/y to 40.4%. Next quarter guidance was above consensus and since reporting Adobe announced the acquisition of Marketo, the B2B marketing platform company, for $4.75bn. This will become Adobe's largest deal to date and further strengthens its Experience Cloud platform.

During the month Apple hosted its annual product launch event where three new iPhone models were announced (XS, XS Max, XR) alongside a new Apple Watch Series 4. The announcements were largely in line with expectations with the iPhone price points marginally higher than expected. The dual-SIM availability (physical + eSIM) was a positive surprise and may drive accelerated upgrades in China specifically where the local consumer preference currently is to own two phones.

Market Outlook

Global M&A activity has set a record year-to-date as nearly $3.3trn has been announced so far in the first nine months of 2018. A series of mega deals has contributed to this record, including within the technology sector with Broadcom's** $18bn acquisition of CA Technologies**.

This wave of M&A is likely fuelled by the unprecedented level of disruption occurring across almost every industry, driven by the internet, smartphones and AI. This impact is being increasingly felt by incumbents everywhere that are having to undertake digital transformations in order to ameliorate the impact of diminished relevance in a world of technology deflation, transparency and unbundling at the hands of disruptive data-driven technology companies. Although stalling somewhat recently, confidence indicators in the form of global PMIs are still elevated. These remain strong tailwinds to both global growth and equity markets. With US policy-tightening still in the early stages, the growth-policy trade-off remains supportive.

On most traditional valuation measures we remain above long-term averages and we continue to take the view that equities are likely to become increasingly dependent on underlying earnings growth. The current optimal global growth environment remains supportive of our optimistic earnings outlook. In their autumn updates both Magna (part of Interpublic Group) and Zenith (part of Publicis Groupe) raised their advertising forecasts for 2018. Zenith raised its forecast for global advertising spending growth to 4.5% from 4.1% and predicted two-thirds of that growth will come through paid search and social media ads. Magna raised its US advertising forecast from 4.7% to 5.2% and expects digital advertising to account for half of total US advertising sales for the first time.

That said, we continue to hold more liquidity than normal which, together with a modest amount of NASDAQ QQQ ETF put options is designed to soften the impact of any near-term setback while providing us with firepower should trade war escalation present us with a buying opportunity. This slightly more cautious view reflects a number of cross-currents that could create market turbulence including the recent rise in long-dated US Treasury yields, higher oil prices, trade war escalation and US mid-term elections. In addition, we are mindful of elevated software / payment valuations which (at the time of writing) are beginning to correct as investors rotate from growth into value stocks as is the norm when US treasury yields rise. However, we expect this episode to prove short-lived particularly within the technology sector where value stocks are usually cheap for a reason. As such we will

Fund Manager Comments

As at 28 September 2018

look to move to a more fully invested position on market weakness and/or as we progress more fully through the pre-announcement season (where newsflow is typically negatively skewed).

We remain excited about our new cycle thesis that appears to be gathering strength, with every earnings season, with a growing divergence between incumbents and next-generation companies now that the cloud has become the default computing platform. This bifurcation is likely to intensify from here as workloads continue to gravitate towards the public cloud, while emerging technologies such as AI – where the internet platforms enjoy a leadership position – are likely to accelerate this trend.

If our thesis is indeed playing out, it should provide a multi-year tailwind for our active growth-centric investment approach at a time when technology indices may be weighed down by smartphone maturity and exposure to legacy technologies. We remain excited by eight core secular themes which include eCommerce and digital payments, digital marketing and advertising, cyber and physical security, cloud computing and AI infrastructure, software as a service (SaaS), digital content and gaming, robotics and automation and rising semiconductor complexity. While public cloud computing adoption and smartphone adoption (ubiquitous mobile internet) – initially consumer-centric technologies – have been the technology investment story of the past 10 years, we expect compelling productivity gains from new enterprise technologies to drive investment in the digitisation of businesses, connected industrial devices and smarter, automated decision-making leveraging AI over the next decade.

** Not held

Ben Rogoff

11 October 2018

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 23 years of industry experience.

CITYWIRE AA

Source & Copyright: CITYWIRE. Ben Rogoff has been awarded an AA rating by Citywire for his 3 year risk-adjusted performance for the period 31/08/2015 - 31/08/2018.

Nick Evans - Senior Fund Manager

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Chris Wittstock - Senior Investment Analyst

Bradley Reynolds - Investment Analyst

Paul Johnson - Investment Analyst

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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 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.

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, 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers 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 materially favourable rights, 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 Registrar on 0800 876 6889. 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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