POLAR CAPITAL

Polar Capital Technology Trust plc

Trust Fact Sheet
29 March 2019

Trust Facts

Ordinary Shares

Share Price	1256.00p
NAV per share	1361.68p
Premium	-
Discount	-7.76%
Capital	133,825,000 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£1,822.3m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	7.14%

Benchmark

Dow Jones Global 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	0.99%

FX Rates

GBP/USD	1.3031
GBP/EUR	1.1605
GBP/JPY	144.2281

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.

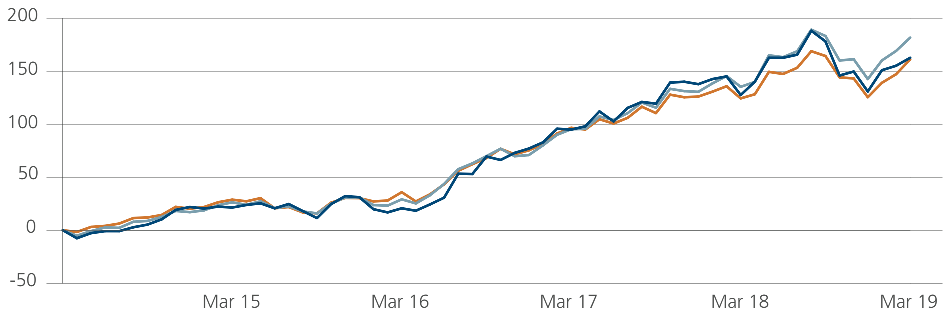
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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)	2.95	13.77	13.77	15.44	117.68	162.60
NAV per share	4.68	16.13	16.13	19.72	118.15	181.61
Benchmark	5.68	15.84	15.84	16.42	92.27	161.13

Discrete Performance (%)

	30.04.18 29.03.19	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	9.41	21.22	67.31	-4.39	33.94
NAV per share	17.42	22.66	56.13	1.05	30.71
Benchmark	14.44	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

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

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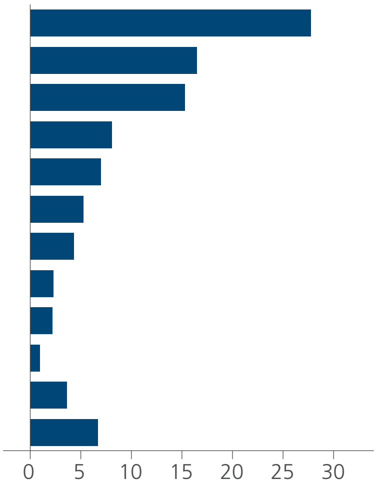
Polar Capital Technology Trust plc

Portfolio Exposure

As at 29 March 2019

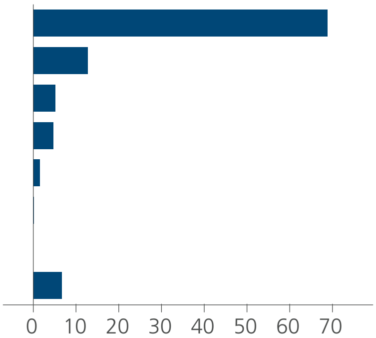
Sector Exposure (%)

Software	27.8
Interactive Media & Services	16.5
Semiconductors & Semiconductor Equip.	15.3
Tech. Hardware, Storage & Peripherals	8.1
Internet & Direct Marketing Retail	7.0
IT Services	5.3
Elec. Equip. Instruments & Components	4.3
Entertainment	2.3
Communications Equipment	2.2
Healthcare Equipment & Supplies	1.0
Other	3.7
Cash	6.7



Geographic Exposure (%)

US & Canada	68.9
Asia Pacific (ex-Japan)	12.8
Japan	5.1
Europe (ex UK)	4.7
UK	1.5
Middle East & Africa	0.1
Latin America	0.1
Cash	6.7



Top 15 Holdings (%)

Alphabet	9.0
Microsoft	8.0
Apple	4.5
Facebook	3.6
Alibaba	3.5
Samsung	2.9
Tencent	2.8
Amazon.com	2.7
Taiwan Semiconductors	2.2
Adobe Systems	1.9
ServiceNow	1.9
Advanced Micro Devices	1.7
Salesforce.com	1.6
Zendesk	1.5
PayPal Holdings	1.4
Total	**49.2**

Total Number of Positions 112

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	74.7
Mid Cap ($1bn - $10bn)	24.2
Small Cap (<$1bn)	1.1

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.

Fund Manager Comments

As at 29 March 2019

Market review

Global equity markets continued to rally in March, with the MSCI All Country World appreciating 3.4%, the S&P 500 4.1% and the DJ Euro Stoxx 600 2.9% (all in sterling terms). The first quarter of 2019 was the best quarter for both the S&P 500 (11.5%) and WTI Oil (32.4%, in dollar terms) since Q2 2009. The breadth of asset classes that have participated in the first quarter rally has been impressive, arguably demonstrating the growing confidence in a global growth rebound supported by easing trade tensions, dovish central bank policy and a China stimulus program.

Macroeconomic data points remain mixed. In the US, the March ISM manufacturing survey printed at 55.3 versus expectations of 54.5. This helped offset a weaker February retail sales number of -0.2% month on month (m/m) versus the 0.3% expected. Retail sales momentum in the US is certainly weaker than last year and has been particularly volatile over recent months. In a positive surprise the China Manufacturing PMI for March rose to 50.5 from 49.2 last month. Importantly the reading crossed back into expansion territory for the first time in four months. Several sub-components that are closely monitored also rose in the month including the important new export orders.

However, European macro data continued to disappoint as the euro area manufacturing PMI for March fell to 47.5, its lowest level since April 2012. A major contributor to the weakness was Germany whose manufacturing PMI declined to 44.1, the lowest level in 80 months. The German new orders sub-index was even worse and fell to a new post-financial crisis low of 40.1. In an unexpected turn of events it was the UK, mired in Brexit uncertainties, which produced one of the highest PMI readings at 55.1. Unfortunately, stockpiling ahead of Brexit was a contributing factor and so this trend is not expected to be sustainable.

The Federal Reserve's March meeting surprised the market with its increasingly dovish tone. The policy rate was left unchanged, but the committee provided updated future rate projections showing a significant downward migration in the dot plot charts that now imply no rate hikes for 2019, compared to the two implied rate increases back in December. A weaker economic outlook and less concern about labour market tightness appear to be the key reasons for the downgrade. The realisation that we may be at the end of the hiking cycle combined with fears over a weaker economic outlook predicted by the Federal Reserve led the closely watched three-month/10-year treasury curve inverting for the first time since 2007.

Technology review

The technology sector continued to outperform the broader market during the month. The Trust NAV lagged, with a return of 4.7% relative to the Dow Jones Global Technology Net Total Return Index at 5.7%. The Trust's relative performance was impacted by its market cap style, with its structural overweight in mid-cap stocks, which significantly underperformed their large-cap peers (the Russell 2000 Technology Index gained 1.4% while the Russell 1000 Technology Index increased 6.4%). All returns are in sterling terms.

Apple, a large but significant underweight position, led the market during the month, rallying 12% as shorts were squeezed by several sell-side upgrades based on the new services narrative and potential for multiple expansion as the mix shifts from hardware sales to recurring services revenue from its loyal user base. While the smartphone market remains weak in China, Morgan Stanley noted signs of stabilisation (post significant price cuts) and normalising supply chain builds. We remain cautious on iPhone end demand due to lengthening replacement cycles and continued share loss to Huawei in China, particularly given Apple's weaker 5G/foldable roadmap. Investor enthusiasm was slightly tempered towards the end of the month by an underwhelming Apple Services event, where the company presented news, TV and games services as well as a credit card, with limited details. At the same time, Spotify filed a complaint against Apple in the EU alleging anti-competitive behaviour, putting a spotlight on Apple's 30% App Store cut which could come under pressure from regulation and competition.

As 4Q18 earnings season drew to a close, software results have remained broadly positive. Salesforce.com grew revenue 25.8% y/y and billings 22.4% y/y, above consensus expectations, while the Mulesoft acquisition demonstrated revenue synergies, growing 104% y/y. Management gave in-line FY19 guidance and provided new FY23 guidance which implies revenue will double over four years. There were several notable off-quarter results: Adobe Systems reported 1Q19 revenue, EPS and ARR above consensus expectations, but FY19 guidance for revenue growth of 23.5% was slightly lighter than expected with management exercising caution due to purchase accounting impacts of recent acquisitions and the switch to ASC 606. At the Adobe Systems summit, management focused on a tighter partnership with Microsoft/LinkedIn to compete more aggressively with Salesforce.com. Oracle (not held) reported Q3 revenue in line and EPS slightly above consensus but guided to lower growth in Q4 (up 1-3% y/y cc) having previously promised an H2 acceleration. We continue to see the company lose share to next-gen cloud vendors (Amazon, Microsoft, Salesforce.com etc).

The Philadelphia Semiconductor Index was up 5.7% in March, closing near all-time highs, which is remarkable given recent earnings reports. We have an underweight position relative to the benchmark given uncertainty regarding the cycle and the shape of any recovery. The sector rallied after the CEO of Microchip Technology called for a March quarter bottom and Broadcom gave similar guidance for their "semiconductor business to bottom in the second fiscal quarter" (ending April) and that they remain confident it will resume "very meaningful growth" in H2.

We exited our position in Micron early in the month, ahead of earnings, where the company delivered better than feared results and reiterated expectations for an H2 recovery, but we remain sceptical given weak DRAM and NAND pricing, inventory days rising from 107 to 134 and the decision to cut output by 5% in 2019. Infineon Technologies guided down 2019 sales growth from 9% to 5.2% and profit margins to narrow by 150bps after auto sales in China decelerated quickly in February "causing dealer inventories to increase sharply." Samsung Electronics issued a rare profit warning for Q1 blaming weakness in memory and display. On the other hand, at the NVIDIA Analyst Day management were constructive on GPU inventory, suggesting they were on track to clear it by April after the return of new video game approvals in China, although cloud visibility remains low. Sentiment in the space has also been bolstered by M&A activity, with NVIDIA acquiring Mellanox (not held) and ON Semiconductor acquiring Quantenna Communications (not held) for $937m, a 19% premium to previous close.

In the internet sector, a new political threat has emerged for Amazon, Alphabet, Facebook and Apple as presidential candidate Elizabeth Warren outlined her plan to break up the tech giants and block platforms from participating in the market places they provide to eliminate anti-competitive conduct. While an unwelcome development for the so-called FAANG stocks, we consider it a tail risk only at this point. Lyft made its highly anticipated market debut at the end of the month, while Alphabet is considering looking for outside financing to help fund Waymo, where losses and bonus compensation payments were a problem last quarter. Alphabet revealed its new cloud gaming platform, Stadia, at the Game Developers Conference. The streaming technology looked impressive, but questions remain around the level of internet connectivity required, the business model (subscription or a la carte?) and content partners (beyond UBISOFT). Alphabet has hired Jade Raymond, who created the Assassin's Creed franchise at UBISOFT and

Fund Manager Comments

As at 29 March 2019

ran a studio at Electronic Arts to head their own games studio. However, game development is uncertain and takes many years so the news sparked a rally in video game stocks, which stand to benefit from an expansion of their addressable market and potentially lower take rates/higher margins due to competition between platform providers. We reinitiated a position in Electronic Arts after the launch of Apex Legends, a free-to-play Battle Royale game rivalling Fortnite, which reached 50 million registered players in its first month and made $92m in microtransactions during that time, according to Superdata. We also believe that the FIFA franchise could be one of the most levered to the lower barriers to entry streaming should deliver, given that c3.5 billion people watched the football World Cup in 2018.

Outlook

The combination of the China PMI improvement (following three consecutive months of sub-50 readings) and a strong US ISM has reignited hopes of 'global green shoots' and the start of a recovery in global growth. Near term, market direction is likely to rest on the status (and outcome) of US/China trade negotiations, with talks between the US and China ongoing and recent discussions described as constructive. China has further extended its own suspension of retaliatory tariffs as a positive response to the US decision to delay tariff increases. Yield curve inversion notwithstanding, dovish commentary from central bankers globally suggests that monetary policies are once again aligned with investor interests which, combined with improving data from China and a potentially positive outcome from US/China trade talks, suggest that a soft landing is likely to be the base case for this business cycle.

Our aim as always is to focus on stock-picking to assemble a portfolio of next-generation winners trading at attractive valuations which should allow the portfolio to deliver growth in excess of the benchmark which should (over time) deliver outperformance. Of course, there must be a point when macroeconomic weakness shows up in next-generation fundamentals and/or there are periods (usually growth scares) when multiple compression outweighs the growth. While we remain constructive for now, we do expect further volatility this year and will be watching a number of indicators closely including credit spreads, yield curve inversion, China growth, bank lending and inflationary pressure.

Against a backdrop of slower global growth, we expect investors to continue to gravitate towards (and potentially crowd into) genuine growth assets as we have seen during the recent market rebound. We continue to hold a slightly elevated level of cash and out of the money NASDAQ (NDX) put options which combined are designed to soften our beta which is higher than the benchmark due to our growth-centric investment style. Beyond these top-down headwinds, we remain constructive. Absent a US recession or a material deterioration in the global economy, we expect many of our holdings to deliver robust growth supported by powerful secular tailwinds. Valuations have expanded – a trend which we do not believe will continue – but even with modest multiple compression, strong underlying growth could drive attractive returns for investors over the balance of the year.

Ben Rogoff

4 April 2019

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 / AAA

Source & Copyright: CITYWIRE. Nick Evans and Ben Rogoff have been awarded AAA ratings by Citywire for their 3 year risk-adjusted performance for the period 28/02/2016 - 28/02/2019.

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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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 Company. 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 Company's best interest to do so. 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 not a recommendation to purchase or sell any particular security. It is designed to provide updated information to professional investors to enable them to monitor the Company.

Benchmarks

The following benchmark index is used: Dow Jones Global 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.

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