Polar Capital Technology Trust plc

Trust Fact Sheet

30 September 2019

Trust Facts

Ordinary Shares	
Share Price	1404.00p
NAV per share	1496.87p
Premium	-
Discount	-6.20%
Capital	133,825,000 ordinary shares of 25p

Assets & Gearing [1]	
Total Net Assets	£2,003.2m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	6.39%

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	0.95%

FX Rates

GBP/USD	1.2323
GBP/EUR	1.1303
GBP/JPY	133.1808

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.

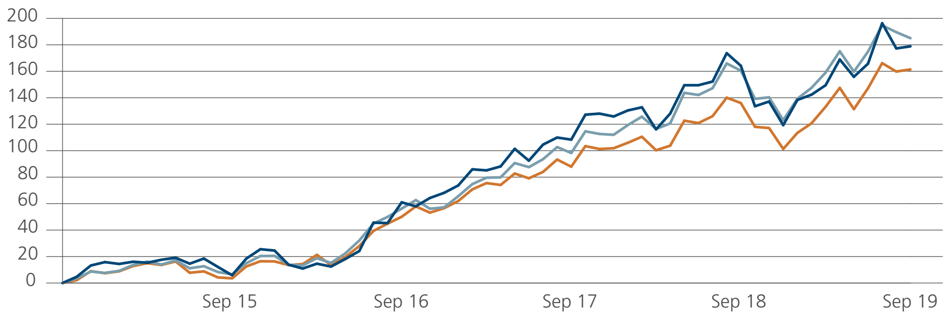
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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)	0.57	4.93	27.17	5.56	73.23	178.85
NAV per share	-1.56	3.70	27.66	9.33	82.27	184.75
Benchmark	0.62	5.76	29.86	10.76	74.21	161.41

Discrete Performance (%)

	30.04.19 30.09.19	30.04.18 30.04.19	30.04.17 30.04.18	30.04.16 30.04.17	30.04.15 30.04.16
Ordinary Share Price	3.69	17.94	21.22	67.31	-4.39
NAV per share	3.51	24.70	22.66	56.13	1.05
Benchmark	5.64	21.44	17.05	53.38	-0.11

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.

Awards & Ratings

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

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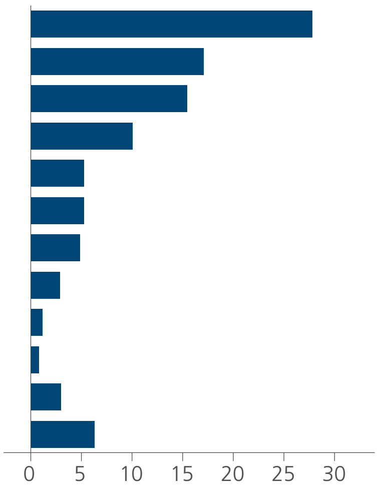
Polar Capital Technology Trust plc

Portfolio Exposure

As at 30 September 2019

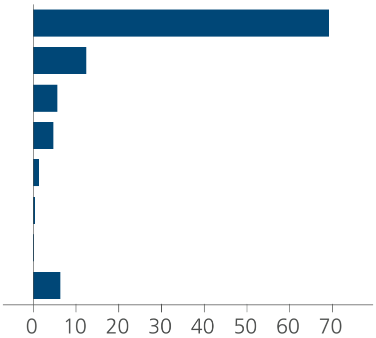
Sector Exposure (%)

Software	27.8
Semiconductors & Semiconductor Equip.	17.1
Interactive Media & Services	15.5
Tech. Hardware, Storage & Peripherals	10.1
Internet & Direct Marketing Retail	5.3
Elec. Equip. Instruments & Components	5.2
IT Services	4.9
Entertainment	2.9
Machinery	1.2
Communications Equipment	0.8
Other	3.0
Cash	6.3



Geographic Exposure (%)

US & Canada	69.2
Asia Pacific (ex-Japan)	12.4
Japan	5.6
Europe (ex UK)	4.7
UK	1.3
Latin America	0.4
Middle East & Africa	0.1
Cash	6.3



Top 15 Holdings (%)

Microsoft	9.9
Alphabet	8.0
Apple	6.2
Facebook	4.0
Samsung	3.6
Alibaba	3.1
Taiwan Semiconductors	2.5
Tencent	2.3
Salesforce.com	2.1
Amazon.com	1.9
Qualcomm	1.7
ServiceNow	1.7
Adobe Systems	1.7
Analog Devices	1.5
Applied Materials	1.4
Total	**51.6**

Total Number of Positions **113**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	82.2
Mid Cap ($1bn - $10bn)	16.4
Small Cap (<$1bn)	1.4

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 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 30 September 2019

Market review

September saw global equities stabilise following weakness in August. The MSCI All Country World increased 0.9%, while the S&P 500 gained 0.7% and the DJ Euro Stoxx 1.8%, all in sterling terms.

Oil prices were unusually volatile during the month – Brent Crude experienced a 15% 'round trip' – following a drone attack on Saudi Arabian oil facilities which initially reduced the kingdom's daily production by half. Fortunately, oil production rebounded far quicker than expected, with three quarters of the lost production back online before month end, although speculation over Iran's involvement and a potential retaliation weighed on sentiment.

Macroeconomic data continued to deteriorate in September with the previous safe havens, both the services sector globally and US economy, experiencing signs of a slowdown. The services sector has until now been remarkably resilient (in an almost universal fashion globally) in the face of deteriorating manufacturing activity. Services PMI readings in Germany and France, however, declined more than expected. As bellwethers for Europe this is a concerning sign and it will be important to watch if this is the start of a downward trend. The European Manufacturing PMI also fell to 45.7, a near seven-year low and a worrying trend, exacerbated by both trade war and Brexit fears. Unfortunately, there seems to have been very limited progress with Brexit negotiations, and a no-deal outcome could provide an unwelcome shock if it were to occur.

China Manufacturing PMI remained in contraction territory for the fifth consecutive month, but there were was an improvement month-on-month (m/m) to 49.8 and there was a positive reading from the Caixin manufacturing PMI, at 51.4, which suggests that recent stimulus efforts have led to some level of stabilisation.

Most notable was the US ISM manufacturing index decline to 47.8, the lowest reading since June 2009, which suggests the trade war is beginning to bite. The impact has been felt in some key electoral states, which may make the Trump Administration more open to a compromise deal. US/China trade optimism did improve at the beginning of the month, as both sides appeared to make small concessions, but talks faltered again towards the end of September. The launch of an impeachment enquiry into President Trump by the Democrats also hurt sentiment, adding to the prevailing political uncertainty. Beyond month end, the addition of Hikvision (the leading provider of security systems/facial recognition technology in China and one of the largest players globally) and a number of other Chinese parties to the US banned entities list, as well as China's decision to block NBA (basketball) coverage suggests significant compromises will be needed on both sides to reach a deal.

Central banks continued to play their part in ameliorating the softening global economy. The September US Federal Reserve (Fed) FOMC meeting was in line with expectations; the Fed Fund rate was cut by 25bps. However, the accompanying dot plot forecasts highlighted a divided committee. While the median dot shows no further cuts in 2019 or 2020, several participants favoured one more 25bps cut this year (although an almost equal number were placed above the current rate). In Europe, the ECB meeting saw measures that included a 10bps cut to the headline rate (to -0.5%) and a restart of its QE programme of bond purchases set at €20bn per month. The open-ended nature of this QE counterbalanced any potential disappointment over the lower-than-anticipated level of monthly bond purchases. For now, it appears the Fed put is back in play with central banks' interests well aligned with equity investors.

Technology review

The technology sector modestly trailed the broader market during September, the Dow Jones Global Technology Index gaining 0.6% (in sterling terms). Relative performance was negatively impacted by the broader market rotation from growth/momentum into value, as a perceived easing in US/China trade war tensions drove outperformance in cyclical sectors such as semiconductors, while internet and software underperformed.

The internet sector was notably weak during the month, the NASDAQ Internet Index declining 3.3%. Uber Technologies and Lyft* sold off as California legislators approved law AB5 which will force ride-share companies to treat drivers as employees rather than contract workers, which could raise costs by as much as 35% according to Morgan Stanley. Netflix was also weak after its CEO acknowledged that competition was intensifying, with Apple and Disney launching their direct-to-consumer platforms in November. Facebook struggled due to increased regulatory scrutiny, as the Department of Justice announced plans to open an antitrust investigation after prodding from the US Attorney General. Google will also face an investigation from 48 states into its dominance of internet search and advertising, while Amazon denied accusations that they had made algorithm changes to boost sales of more profitable in-house items as they prepare to face a Federal Trade Commission investigation into whether they are abusing their market position. While we continue to hold significant positions in Google and Facebook, we are underweight both versus the benchmark and we have recently reduced Facebook and Amazon, in part due to regulatory risk.

Chinese internet names such as Alibaba Group Holding and Tencent had avoided being directly impacted by the trade war until reports during the month that the White House was debating ways to limit Chinese access to US capital. While action is not thought to be imminent, the Trump Administration is said to be considering restricting US investment in Chinese companies or, less likely, delisting them altogether from US stock exchanges. As such, we took the decision to err on the side of caution and reduced our exposure to both.

The software sector also struggled in September, the Bloomberg World Software Index declining 0.7%. Beneath the surface, high-growth software stocks experienced a much more severe correction due to the growth/momentum-to-value rotation and lacklustre results from both Zscaler* and Slack*. Slack, which provides cloud-based team collaboration software, missed billings expectations, raising concerns about competition from the Microsoft Teams product. Smartsheets (sold in August due to valuation) also delivered a smaller billing beat than in previous quarters driving the stock lower. Even Zoom* which posted 96% y/y revenue growth and raised guidance fell 17% during the month.

The lack of appetite for long-duration stocks during the period was likely influenced by adverse developments in the private/IPO market. Two high-profile offerings – SmileDirect* and Peloton* – both broke their IPO price. More important was the failed IPO of WeWork*. Investors showed little interest in the capital-intensive and heavily loss-making business model, presaging the ousting of the CEO and announced job cuts designed to reduce cash burn. According to reports, WeWork needed to complete its IPO in order to access bank loans required in order to expand and as such this was a significant blow. It also dented the credibility of Softbank's Vision Fund which is likely to write down the value of its investment. To us, this was a timely reminder (not that UK investors needed one) of the dangers of holding private or illiquid investments, particularly in daily-traded investment vehicles. This has become an increasingly popular trend in recent years but one we have intentionally avoided in favour of maintaining a highly liquid portfolio of holdings. Unfortunately, many other high growth stocks and several of our holdings were caught up in the malaise including Coupa Software, Zendesk, RingCentral, Hubspot, Pinterest and Everbridge despite seemingly robust fundamentals.

In contrast, semiconductor stocks outperformed during the month, the Philadelphia Semiconductor (SOX) Index gaining 3.8%. Sentiment benefitted from improved trade optimism, memory price stabilisation and management commentary from the likes of Broadcom* that demand was stabilising. The SOX index almost made a new all-time high before pulling back at the end of the month, after trade rhetoric soured again. We have already had four quarters of inventory adjustment, but demand remains weak and inventory levels remain elevated, so the timing of the recovery remains unclear and geared to the global economic outlook.

Semiconductor stocks (as well as Apple itself) benefitted from a positive reception to the launch of the iPhone 11 during the month. Against a backdrop of modest expectations, the product was well received with lower price points ($699), materially longer battery life and a unique triple camera module which differentiates it aesthetically from earlier models. If our own experience with the new phone is anything to go by, it is a more significant

Fund Manager Comments

As at 30 September 2019

upgrade than in recent years and units may well surprise to the upside (expectations were low given next year is expected to see the introduction of 5G devices). Furthermore, the phone is expected to have an attractive bill of materials due to component reuse and memory price weakness, potentially also aiding margins. We increased our Apple equity position before and after the event.

Outlook

To quote the Cornerstone Macroeconomics team: *"With the expansion already a record 11 years old, fears of a recession are increasing, as reflected in the news count (stories mentioning 'US recession'). But there have been several recession scares this cycle, and after each one, the fears faded. We believe that will happen again, as we move into 2020".* They go on to note *"expansions don't die of old age, the culprit is always a combination of rising rates and economic excesses"* and that the *"current pause is refreshing. It's lowering interest rates and further dampening economic excesses".*

We concur with this view, although we acknowledge that the US/China trade war, attempts to impeach the US president, US elections and Brexit negotiations will play a significant role in the global growth outlook for 2020. Equally, while there is considerable uncertainty ahead, we could see an outcome where recession is avoided and markets climb the so-called 'wall of worry' given that investors appear conservatively positioned.

Trade negotiations are clearly entering an important phase and markets are likely to remain volatile and sensitive to this. With the US manufacturing sector contracting, the possibility of a US recession has clearly increased. It is therefore likely the US negotiating stance softens soon with the 2020 election around the corner. That said, President Trump is likely to maintain his bombastic anti- China (and to a lesser extent Europe) rhetoric for now at least, because it is so popular with his electoral base. In part, this stance is also working because he is inflicting pain elsewhere and in turn driving an increasingly dovish stance and further interest rate cuts from the Federal Reserve. It seems likely he hopes to have lower rates, a trade truce of some sort (even an interim deal) and perhaps further US stimulus in place ahead of the election – the only issue is that the timeframe for progress is narrowing and impeachment efforts are unhelpful.

It is worth noting that, while President Trump may be impeached in the House, it would take 20 Republicans to vote with the Democrats to secure the necessary two-thirds of the Senate. This means it is unlikely that anything material will transpire before the 2020 election. However, the President's recent move to withdraw US forces and seemingly abandon Kurdish allies in northern Syria to the Turkish army has drawn the ire of Senate Majority leader Mitch McConnell while Senator Lindsey Graham called the impulsive decision taken against the advice of the Pentagon and the State Department "irresponsible".

The inquiry has also seen Senator Elizabeth Warren take the lead in national polls of the 2020 Democratic primary for the first time, with a 29% share, as Joe Biden fell back to 26% and Bernie Sanders now a distant third following recent health problems. The market has, to date, largely shrugged off the risk posed by her progressive platform but should Warren emerge as the candidate, and/or look likely to win the White House in 2020, we would expect to meaningfully reduce exposure to Facebook and Google who appear to be among the highest profile regulatory targets. Meanwhile, we continue to monitor the regulatory backdrop in Europe. Margrethe Vestager, who has previously taken a hard-line approach to US internet companies, was appointed to another five-year term as European Commissioner of Competition and given expanded powers over EU digital policy. The impact of this appointment is likely to be contained with Trump at the helm, but a Democrat President would likely share some of Vestager's views.

Market resilience in the face of weakening economic data and adverse political developments is best explained by the fact that trade war resolution would probably still see Trump returned for a second term. While this remains his card to play (and one cannot help think he is waiting to play it once US interest rates have reached their nadir), recent trade headlines have been largely negative with the US blacklisting more Chinese companies, apparently due to human rights abuses in Xinjang, while China scrapped plans to broadcast two pre-season NBA games following comments by the manager of the Houston Rockets who tweeted support of ongoing Hong Kong protests. That said, trade talks between the US and the Chinese remain and could yet surprise to the upside.

Overshadowed by US developments, Brexit risk also remains elevated with the 31 October deadline looming. Prime Minister Boris Johnson's plan to break the impasse with the EU appears to have hit a brick wall and the most likely outcome now looks like an extension request, which is only likely to be approved if tied to a commitment to a general election or second referendum.

Refocusing on technology stocks, the sector has clearly been impacted by the growth-to-value rotation, with many individual high growth stocks falling significantly. We have conservatively started to add back to selected positions we reduced earlier on valuation grounds. We have also increased exposure to Apple which we think may surprise to the upside due to a better than expected iPhone refresh with investors likely to want to own the stock into the 5G product cycle next year. Near term, we expect ongoing volatility over the coming weeks both due to political and trade developments, but also due to the pre-announcements ahead of Q3's earnings season when news flow tends to have a negative skew. As such, we have retained above-average cash levels and continue to hold modest amounts of out of the money NDX put options to reduce the natural excess beta of the portfolio that comes with our growth-centric approach. Given we do not see meaningful US recession risk next year, we would use any weakness over coming weeks (especially if software valuations continue to compress) to become more fully invested. We will likely keep some put option exposure to reduce underperformance if we are caught off guard by a significant deterioration in the outlook or an external shock. For now, beyond regulatory headwinds we feel the secular tailwinds for most of our holdings and core themes remain robust.

* not held

Ben Rogoff

10 October 2019

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 24 years of industry experience.

CITYWIRE A

Source & Copyright: CITYWIRE. Nick Evans & Ben Rogoff have been awarded an A rating by Citywire for their 3 year risk-adjusted performance for the period 31/08/2016 - 31/08/2019.

Nick Evans - Partner

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Alastair Unwin - Fund Manager/Analyst

Chris Wittstock - Senior Investment Analyst

Bradley Reynolds - Investment Analyst

Paul Johnson - Investment Analyst

Nick Williams - 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.

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.

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 estimates of actual returns Polar Capital may achieve. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that have not and may not take place.

Performance/Investment Process/Risk Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Factors affecting the Company's performance may include changes in market conditions (including currency risk) and interest rates and in response to other economic, political, or financial developments. The Company's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Company to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Those in possession of this document must read the Company's Investment Policy and Annual Report for further information on the use of derivatives. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Investments are not insured by the FDIC (or any other state or federal agency), or guaranteed by any bank, and may lose value. 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.

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 Company may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Company is dependent on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the Company while minimizing its risk. The actual investments in the Company may or may not be the same or in the same proportion as those shown herein.

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