Polar Capital Technology Trust plc

Half Year Report for the
six months ended 31 October 2018

TECHNOLOGY DISRUPTION
Recoding the corporate DNA

Polar Capital Technology Trust plc

THE INVESTMENT OBJECTIVE IS TO MAXIMISE LONG-TERM CAPITAL GROWTH THROUGH INVESTING IN A DIVERSIFIED PORTFOLIO OF TECHNOLOGY COMPANIES AROUND THE WORLD.

INVESTMENT APPROACH

Stocks are selected for their potential shareholder returns, not on the basis of technology for its own sake. The Investment Manager* believes in rigorous fundamental analysis and focuses on:

- management quality;
- the identification of new growth markets;
- the globalisation of major technology trends;
- exploiting international valuation anomalies; and
- sector volatility.

DIVIDENDS

The Company has not historically paid a dividend as the objective is capital growth.

BENCHMARK

The Company uses the Dow Jones World Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes) as the Benchmark against which Net Asset Value (NAV) performance is measured for the purpose of assessing performance fees.

While the Investment Manager is Benchmark aware in the construction of the portfolio, the team seeks to identify high growth companies which can result in a significant difference between the portfolio and the Benchmark. An analysis of the portfolio is set out on pages 7 to 13.

MANAGEMENT

The Company is led by an experienced Board of Non-executive Directors with extensive knowledge of investment matters and the regulatory framework in which such activity is undertaken. The Directors have appointed various third party suppliers to provide a range of services including investment management, depositary and administrative services to the Company. The role of the Board is to provide oversight of the Company's activities and to ensure the appropriate financial resources and controls are in place to deliver the investment objective and manage the risks associated with such activities. The Directors are listed on page 24.

* See page 24

FINANCIAL HIGHLIGHTS

for the six months to 31 October 2018

Financial Highlights

	(Unaudited) As at 31 October 2018	(Audited) As at 30 April 2018	Movement %
Total net assets	£1,683,065,000	£1,551,611,000	+8.5
Net assets per ordinary share	1257.66p	1159.69p	+8.4
Price per ordinary share	1176.00p	1148.00p	+2.4
Benchmark –Dow Jones World Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes)	1062.31	992.81	+7.0
Premium/(discount) of ordinary share price to net asset value per ordinary share	(6.5%)	(1.0%)	
Ordinary shares in issue	133,825,000	133,795,000	

Key Data

	For the six months to 31 October 2018	
	Local Currency %	Sterling Adjusted %
Benchmark (see above)	-0.7	+7.0
Other Indices (total return)		
FTSE World	-3.0	+4.7
FTSE All-share	-3.5	-3.5
S&P 500 composite	+3.4	+11.6
Nikkei 225	-1.5	+2.7
Eurostoxx 600	-4.6	-3.8

Exchange rates	As at 31 October 2018	As at 30 April 2018
US$ to £	1.2778	1.3774
Japanese Yen to £	144.20	150.72
Euro to £	1.1277	1.1400

No interim dividend has been declared for the period ended 31 October 2018 nor the periods ended 31 October 2017 or 30 April 2018 and there is no intention to declare a dividend for the year ending 30 April 2019.

INVESTMENT MANAGER'S REPORT

MARKET REVIEW

The half year to 31 October 2018 saw most major equity markets decline in local currency terms but this was more than offset by the US market and US Dollar strength (+7.8% vs. Sterling) which left the FTSE World Index 4.7% higher in Sterling terms.

The period was dominated by higher US interest rates, trade-war escalation and a growing divergence of economic fortunes and central bank policy. In the US, 10-year sovereign yields rose to 3.2% (from 2.9% at the start of the period) reflecting a robust economy, tighter labour market (unemployment fell to multi-decade lows of 3.7%), two interest rate hikes and more hawkish Fed commentary.

Aided by a significant dose of late-cycle fiscal stimulus, US corporate earnings growth and Dollar strength saw the S&P 500 advance 11.6% in Sterling terms while in August, the US bull market officially became the longest on record. In contrast, the rest of the world struggled with the impact of the stronger Dollar and the escalation of the trade dispute between the US and China that saw the imposition of $200bn and $60bn of tariffs on each other's imports respectively by the period end.

The combination of weaker trade and a resurgent Dollar (the trade-weighted Dollar advanced 5.8% during the period) took its toll on emerging markets, particularly Argentina and Turkey. The Chinese equity market officially entered bear market territory in June, while Q3 2018 GDP growth was its slowest since Q1 2009 despite incremental monetary and fiscal stimulus. As a result, in Sterling terms, Asian equities performed particularly poorly (-10.9%), with deteriorating semiconductor fundamentals adding to the gloom. Japanese stocks also fell (-1.5%) weakening economic conditions while European equities (-4.6%) had to further contend with ongoing political uncertainty both in the form of Brexit and a populist government in Italy also looking to challenge the EU.

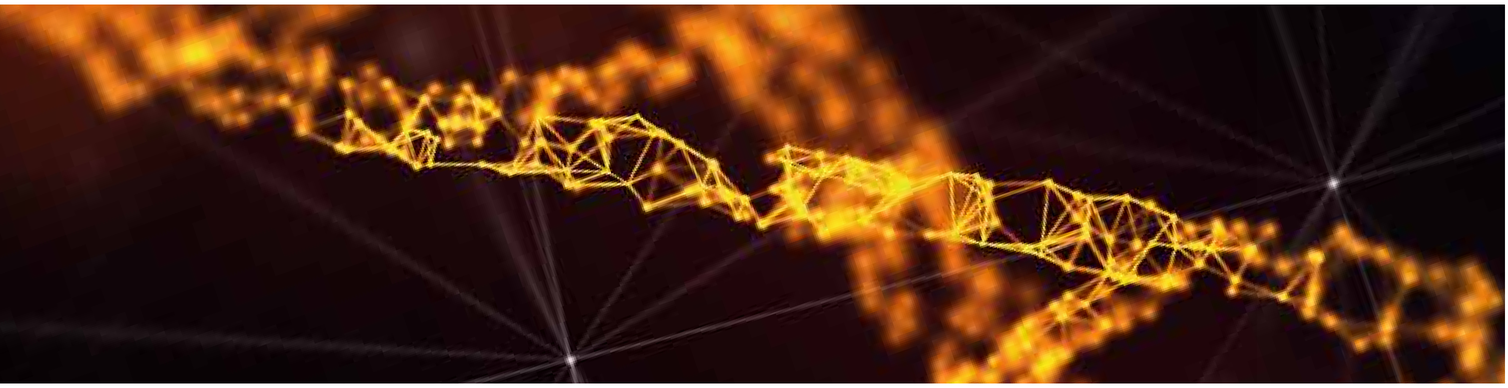
Risk-off sentiment finally caught up with US markets in October. Worsening trade tensions, a choppier earnings season and imminent mid-term elections presaged the largest S&P 500 retracement (in Dollar terms) since 2008. Post period end, markets have traded lower amid heightended volatility associated with trade-war tension and other political risk including Brexit.

TECHNOLOGY REVIEW

The technology sector outpaced the broader market during the half year, the Dow Jones World Technology Index advancing 7% in Sterling terms. This outperformance was significantly aided by the sector's disproportionate exposure to the US and the Dollar while the sector trailed modestly in most other major markets. Even within the US, returns were driven by a narrower group of stocks concentrated in the software, Cloud and payments subsectors where growth remained strong and relatively insulated against a trade-war related slowdown.

Waning risk appetite and impressive progress at a number of mega caps saw large-cap US technology companies deliver almost twice the total return of their small-cap peers (15.1% vs. 8.5% respectively in Sterling terms). Trade war escalation was most keenly felt by semiconductors and other cyclical subsectors impacted by weaker demand in a number of important (and increasingly China-dependent) end markets such as smartphones and automotives. During the period, what began as weaker NAND prices extended into other component parts including DRAM, lower semiconductor capex and an inventory correction. Associated stock price weakness had the greatest impact on semiconductor-heavy markets such as Korea and Taiwan while Japan also had to contend with sustained selling pressure in robotic stocks that suffered from smartphone and auto market exposure.

Chinese internet stocks also struggled against a backdrop of slower economic growth, increased investment (impacting margins) and, in the case of Tencent, adverse regulatory developments that saw the government restrict the granting of new game licences. Greater regulation also featured elsewhere: in Europe, the much-anticipated General Data Protection Regulation (GDPR) came into force in May, while in the US Facebook fell sharply as the company announced materially higher spending on security and other measures designed to improve/clean up the platform. Fortunately, the other FANG stocks fared significantly better with sustained strength in Cloud benefitting Amazon and Alphabet (aka Google), as well as Microsoft.



Likewise, next-generation software and payment stocks continued to deliver strong growth aided by improved IT budgets, digital transformations and limited exposure to emerging market/China weakness. However, gaming software companies proved notable exceptions with disruption from free-to-play Fortnite likely playing a part in weakness at Electronic Arts and Nintendo. Legacy incumbents mostly struggled, resulting in the departure of key personnel at both Intel and Oracle and the bizarre $18bn acquisition of CA Technologies by Broadcom. As in prior periods, Apple continued to defy its incumbency with higher average iPhone selling prices and services growth ameliorating slowing unit growth.

PORTFOLIO PERFORMANCE

Our total return performance came in ahead of our benchmark, with the net asset value per share rising 8.4% during the first half of the year versus 7.0% for the Sterling-adjusted benchmark. Strongest relative performance was generated in the US (stock selection) and Asia (underweight asset allocation) while the Trust benefited from strong mid and small-cap stock selection.

AMD (+81%) added substantially to returns as the company began to better execute on its CPU and GPU product roadmaps. Strong performances were also registered by a number of US software stocks (Alteryx, Twilio, New Relic, Hubspot, Five9) reflecting robust fundamentals and sub-sector leadership during the half year. In addition, the Trust benefited from the underperformance of incumbents such as IBM, Seagate and Western Digital where we have limited or zero exposure because we perceive them to be negatively impacted by the new technology cycle. Qualcomm (not held) proved a notable exception as its share price rebounded sharply following sustained earlier weakness associated with its failed attempt to acquire NXP Semiconductors. Our large but underweight position in Apple (+44%) added to absolute returns while detracting from relative performance as better than expected results and refreshed iPhones saw it become the first US company to achieve a trillion-Dollar market capitalisation.

In terms of negatives, our Japanese stocks dragged due to their disproportionate exposure to semiconductor and robotics companies which were two of the weakest sub-sectors during the period. Computer gaming stocks were also weak on Chinese regulatory headwinds, delayed game launches and concern about the risk to existing franchises posed by Fortnite. In addition, performance was negatively impacted by a number of other individual stock moves due to disappointing earnings progress and/or valuation deratings such as Nutanix, Silergy and Start Today.

MARKET OUTLOOK

Trade-war escalation, together with a weaker outlook for a number of emerging markets dashed earlier hopes of global economic acceleration in 2018. Global growth for this year and next is currently estimated to be 3.7%, broadly in line with 2017 levels but 0.2% lower than at our year end. This downward revision has been most keenly felt by emerging markets such as India, China and Turkey. Growth is also likely to remain significantly uneven, with the US economy expected to expand by 2.5% in 2019 despite expectations of at least two further interest rate hikes by the end of next year. Risks to current forecasts appear skewed to the downside due to rising trade barriers, political risks (particularly related to Brexit) and adverse emerging market capital flows.

However, we remain cautiously optimistic that worst-case outcomes will continue to be avoided. While the Fed has made it clear it believes US interest rates are too low, we are hopeful that financial conditions should remain accommodative in advanced economies. This view largely reflects core inflation below target almost everywhere despite higher headline numbers (buoyed by resurgent energy prices) with only the US close to its 2% target as measured by personal consumption expenditure, the Fed's preferred measure. In addition, wage pressure and inflation expectations (as measured by the TIPS spread) remain seemingly contained despite US unemployment at just 3.7%, the lowest rate since 2000.

INVESTMENT MANAGER'S REPORT

While all business cycles ultimately must end, we suspect that the accelerated pace of technology disruption and deflation is helping to extend this one. In addition, the risk of US overheating (and sharply higher risk-free rates) is likely being ameliorated by weaker growth trends elsewhere, particularly in Europe and China.

Despite the rhetoric and ongoing political posturing ahead of the US mid-term elections, we remain hopeful that the US and China will thrash out a trade deal that proves acceptable to both sides. While his success renegotiating with both Canada and Mexico may have simply emboldened him, we believe that a 'better deal' that reduces the US trade deficit remains President Trump's goal, rather than an all-out trade war. However – as the saying goes – we should be careful what we wish for because the upside to growth following a positive resolution of US/Chinese trade negotiations (our base case) may be mitigated by market-related risks associated with higher US sovereign yields.

We remain hopeful that equity markets can continue to move higher during the remainder of our financial year but – as outlined in our last Annual Report – we expect more late-cycle buffeting and elevated levels of volatility. This is likely to cap upside to equity valuations that look more attractive following recent market weakness, the forward PE on the S&P 500 trading at 15.6x, below the five-year average of 16.4x. International markets continue to look better value but less so on a sector-adjusted basis. As we outlined with our final results, equity valuations look appropriate for the current (low) inflation environment but higher yields and/or rising inflationary pressures will likely act as valuation headwinds going forwards. In the absence of further PE expansion, we remain of the view that a narrow market may get narrower still as investors gravitate towards companies able to deliver genuine growth (which explains why growth stocks often outperform value in late-stage bull markets).

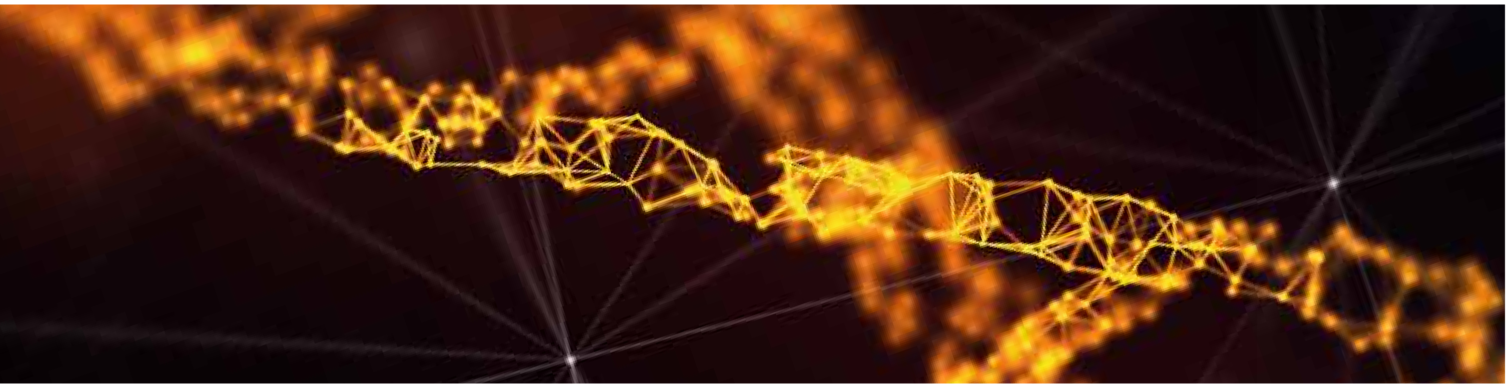
However, our use of the term 'late stage' reflects more than simply the age of this long bull market. As readers of our monthly fact sheets will already know, we have held an elevated (5%+) cash position for much of this calendar year which we have also augmented with a modest amount of NASDAQ (QQQ) put options designed to offset portfolio beta. While elevated valuations in some of our favoured technology sub-sectors contributed to this positioning, we also felt that top-down risks had increased too. In addition to trade-related concerns, we were particularly mindful of a deterioration in market breadth – one of our key bear market/potential recession indicators – not just in the US market, where recently just 38% of companies had outperformed the S&P 500 during the year (the narrowest market since 2000), but internationally too with more than half of MSCI All Country World markets experiencing declining 200-day moving averages. However, with other key indicators (such as the US yield curve and high-yield bonds) failing to confirm the breadth signal, we took advantage of subsequent market weakness by investing some of our cash and rolling our put option further out of the money.

KEY RISKS

As outlined during our latest Annual Report, there are myriad risks to our constructive market view. The most critical of these relates to the loss of policymaker support should an inflation shock force the Fed to raise interest rates ahead of schedule. Mario Draghi's expected departure from the ECB in 2019 could further increase the risk of policy error. As the catalyst for the January sell-off, wage pressure remains the most significant risk to orderly policy normalisation.

Sharply higher interest rates would likely derail equity markets, potentially presaging a 1987-type moment and/or a recession already statistically overdue given the length of the current expansion (112 months to date) as compared to the median of 37 months. A recession or growth scare could also be induced by a deepening trade war should President Trump's assertion that "trade wars are… easy to win" prove wide of the mark.

The risk associated with populism continues to simmer away with the potential to boil over in a number of different arenas. While Brexit remains the highest profile of these, the threat posed to the status quo by populist parties is also evident in Italy (where a confrontation with the EU over a proposed budget has recently seen Italian sovereign spreads soar), Poland (confrontation with the



EU over controversial legal reforms) and in Germany where continued electoral disappointment for the Christian Democratic Union likely contributed to Angela Merkel's decision to not seek re-election as CDU leader in 2021. Additional risks include a hard landing in China with trade war a significant incremental negative development. With inflation at 2.1% and with reserves somewhat rebuilt, we remain hopeful that China should be able to avoid a hard landing but we will watch the progress of the Chinese currency as a proxy for distress. Other risks include the ongoing challenge to nation states posed by terrorism and unintended consequences of US Dollar strength and policy divergence, particularly in emerging markets.

TECHNOLOGY OUTLOOK

Pronounced market weakness in October and early November left the S&P Technology sector trading at 16.9x forward earnings as compared to 18.0x at the end of our fiscal year. This represents the lowest rating in nearly two years and only a modest premium to the broader market ignoring the sector's relative balance sheet strength. As in prior periods, this premium looks justified given the sector's relative growth profile, particularly given trade-related/digital disruption occurring elsewhere. That said, our sector is not immune from trade-related weakness nor maturing end markets like smartphones which partially explains lower overall technology valuations. We have continued to reduce our exposure to slowing growth areas/companies in favour of faster growing alternatives with large addressable markets, particularly following the recent valuation reset.

We will only know in hindsight if the current dip proved another buying opportunity or if the recent market downdraft represented something more fundamental. For now, we remain constructive, a view supported by a slew of recent company meetings and my annual visit to the Gartner IT symposium in Barcelona. Technology fundamentals (beyond those areas being impacted today by trade dislocation) are the strongest in years with Cloud in the adoption sweet spot, buttressed by longer-term drivers including AI, the internet of things (IoT), robotics and autonomous vehicles.

Disruption – the zeitgeist of this cycle – is creating an appropriate sense of urgency on the part of incumbents across myriad industries to reinvent themselves to avoid disintermediation, obsolescence and/or irrelevance. Having modestly raised cash within the portfolio earlier in the year (augmented with a small amount of NASDAQ put protection) we have begun to reinvest this liquidity, the combination of cheaper valuations and strong fundamentals helping to offset somewhat stronger top-down headwinds. All things being equal, we expect to move back to a fully invested position on further weakness or should we become more confident that the current trade-related slowdown has been contained.

What was most striking about this year's Gartner symposium was how little airtime the Cloud enjoyed because the public Cloud has already become the default platform for computing and storage. More than a decade after we first discussed it (then described as the 'internet delivery mechanism') what began as a complementary technology has very clearly begun to substitute swathes of the legacy computing stack. Today's incumbent rallying cry – 'hybrid Cloud' (the co-existence of cloud and enterprise computing) – is likely to prove little more than a waypoint on the journey to an all-Cloud world. While IBM's recent $34bn acquisition of Red Hat represents the most dramatic attempt at reinvention yet, inevitably there will be more as Cloud penetration rises from just 20% today. Of course, the Cloud is just a manifestation of our long-held view that the internet – a general purpose technology akin to electricity, the combustion engine and steel – would reorder the technology landscape.

Eighteen years after the first wave of internet-fuelled excitement and the infamous technology bubble, it is clear that the industry has begun to deliver on what was promised nearly two decades ago. At that time, the internet was a PC-based network with 361 million users (5.8% of the world's population) connected via (slow) dial-up modems mostly in the developed world. There was no broadband, no smartphones, no WiFi, no connected games consoles. Instead of Candy Crush or Fortnite, Snake (embedded in most Nokia handsets) was one of the most widely played mobile games.

INVESTMENT MANAGER'S REPORT

There were no smartphone applications (apps), just browser-based searching, banner ads and rudimentary B2C eCommerce. When reality caught up with inflated early expectations and the inevitable bust happened, Amazon and eBay survived but most of the first generation internet leaders did not.

Today, the internet is more than 10x larger than it was then, sporting 4 billion users and accounting for 53% of the world's population. Much of the growth has been driven by smartphones (more than 3.4 billion users), particularly in the developing world that lacked a legacy fixed-line telecom infrastructure. As such, today's internet is very much a smartphone-driven network powered by the Cloud and the so-called 'app economy', an ecosystem of millions of apps that act as the interface for connected devices. This ecosystem – worth nearly $1trn today – is the engine room for the smartphone-fuelled disruption that is reordering much of the world today. However, today's winners are not sitting on their laurels. Amazon's surprise purchase of upscale grocer Whole Foods in August 2017 epitomised how online leaders are instead looking to press home their scale and data advantage at a time when traditional retailers are struggling. The remarkable growth of Amazon Prime (more than 100 million members globally) is in stark contrast to record levels of US retail store closures. Together with its checkout-less concept store, Go, Amazon has continued to push the boundary of what is possible today, and how the combination of smartphone and Cloud can be harnessed to forever change user experience and expectations.

Like earlier general purpose technologies, internet disruption is now proliferating at an accelerating pace. As previously, the most tumultuous periods of change often occur after a disappointing initial wave where early expectations cannot be met by immature technology and/or price points that are incompatible with mass adoption. Today's disruptors know more about their customers, allowing them to customise products and services through mass personalisation. Algorithms (and increasingly AI) are replacing the need for curated content while the unprecedented scale and ubiquity of today's networks fuel disintermediation at the hands of better-informed customers, empowered by smartphones, price transparency and the network effect. As a result, past is prologue as it relates to incumbent businesses that now find themselves under siege like never before – from new competitors, distribution and pricing models, together with demographic headwinds associated with digital natives and younger consumers brought up during the digital age. There can be little doubt that the second wave of the internet is likely to prove every bit as disruptive as steel, railroads, electricity and automotives once they reached equivalent levels of maturity and ubiquity.

At times like these, it is nearly impossible to know how profound technology change will prove. While those living at the time of the printing press would have felt its impact on their daily lives, they would have had trouble predicting the societal shockwaves created by mass communication and the democratisation of knowledge. Similarly, we cannot know the scope of internet-fuelled disruption but history as a guide suggests we are barely scratching the surface. Gutenberg's invention saw printed volumes increase tenfold during the first century after its introduction, a similar experience to the growth in internet users during the past 18 years. However, technology does not stand still and in the case of printing it was the use of steam power and cylinders that made newspapers and the mass production of printed works possible.

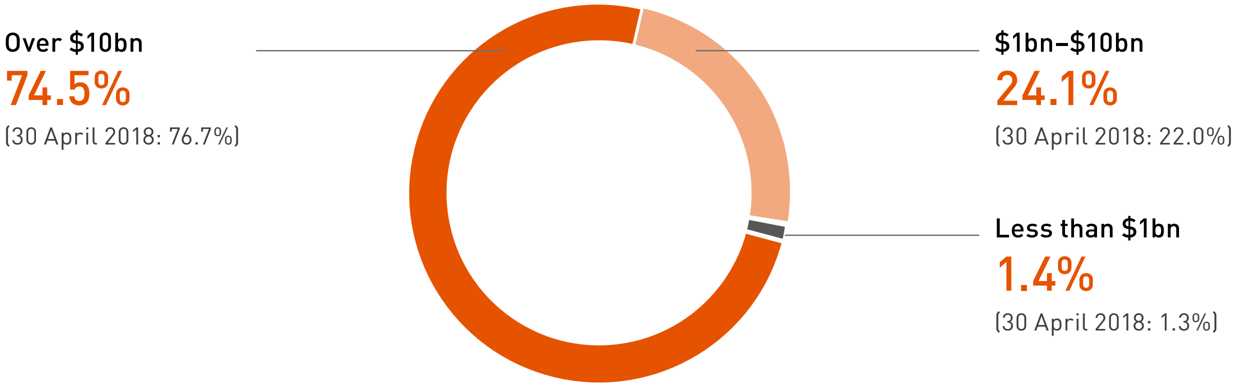
The internet may currently be fuelled by smartphones and the app economy but there is a plethora of emerging technologies that are likely to dramatically increase both its breadth and depth, not to mention its power as an agent of social change. In the future, smartphones are likely to prove a small minority of connected devices as imagined by the 'Internet of Things'. Algorithms that augment decision-making today are likely to give way to true AI where machines are able to act with increasing autonomy. In time, there can be little doubt that AI will do to today's rules-based computing what steel did to iron while fuelling disruption in the wider world no less profound than Gutenberg's press.

Ben Rogoff & Team

11 December 2018

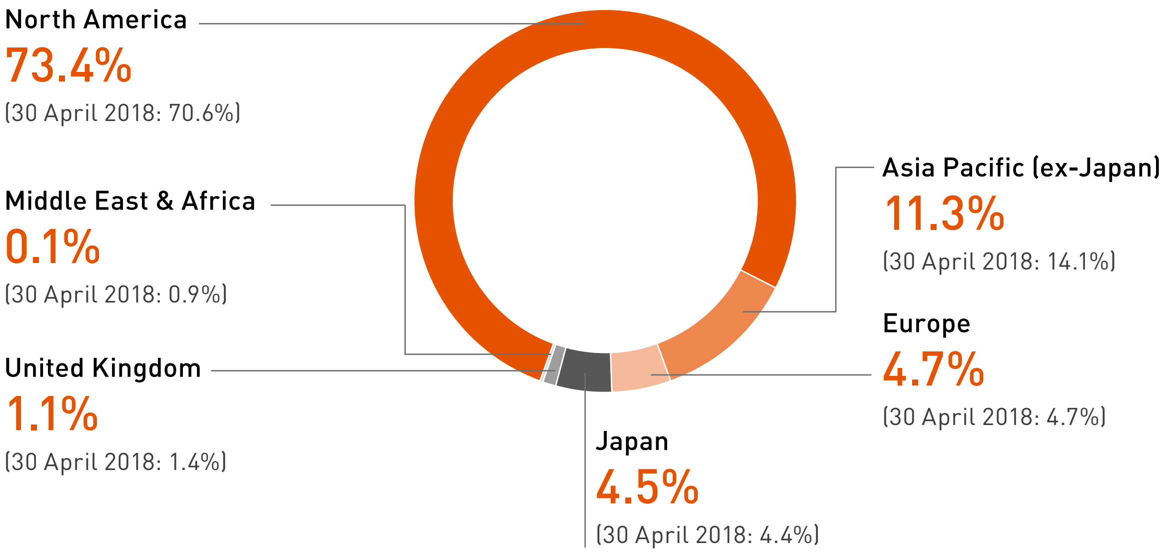
PORTFOLIO BREAKDOWN

MARKET CAPITALISATION OF UNDERLYING INVESTMENTS*
as at 31 October 2018



* % of invested assets

BREAKDOWN OF INVESTMENTS BY GEOGRAPHIC REGION*
as at 31 October 2018



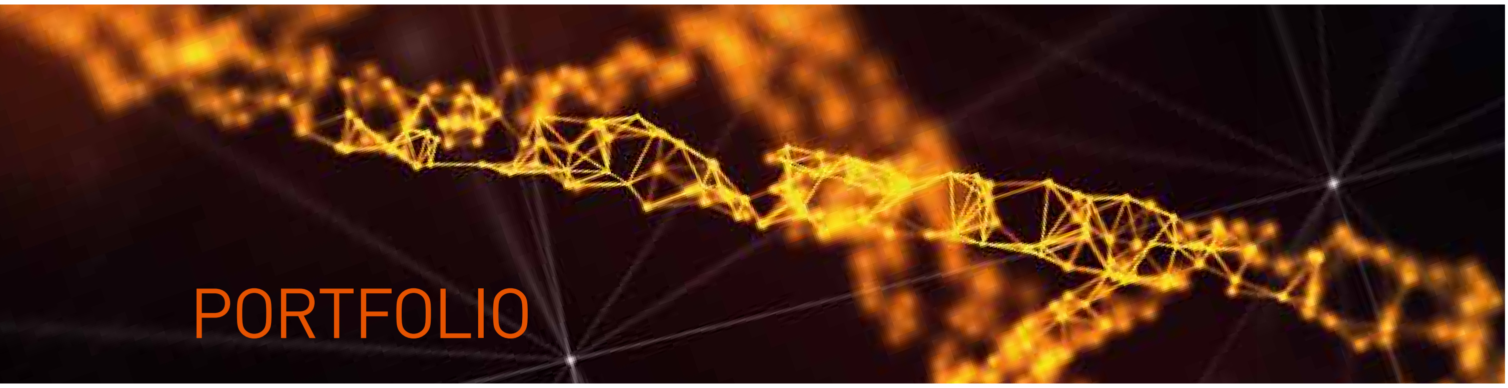
* % of Net Assets, excluding other net assets

PORTFOLIO BREAKDOWN CONTINUED

CLASSIFICATION OF INVESTMENTS*
as at 31 October 2018

	North America %	Europe %	Asia & Pacific (inc Middle East) %	Total 31 October 2018 %	Total 30 April 2018 %
Software	26.3	1.4	0.4	28.1	26.7
Interactive Media & Services	13.7	–	2.6	16.3	28.2
Semiconductors & Semiconductor Equipment	8.4	2.5	4.9	15.8	15.6
Technology Hardware, Storage & Peripherals	9.5	0.1	1.9	11.5	10.0
Internet & Direct Marketing Retail	4.1	0.2	2.9	7.2	3.4
Electronic Equipment, Instruments & Components	2.8	0.1	1.6	4.5	3.4
IT Services	3.3	0.1	0.5	3.9	1.9
Entertainment	1.7	1.4	0.4	3.5	–
Communications Equipment	1.2	–	–	1.2	2.3
Machinery	–	–	0.7	0.7	1.0
Aerospace & Defense	0.7	–	–	0.7	0.8
Healthcare Equipment & Supplies	0.6	–	–	0.6	0.2
Healthcare Technology	0.6	–	–	0.6	0.9
Diversified Consumer Services	0.5	–	–	0.5	0.3
Auto Components	–	–	–	–	0.3
Chemicals	–	–	–	–	0.3
Professional Services	–	–	–	–	0.3
Household Durables	–	–	–	–	0.2
Electrical Equipment	–	–	–	–	0.2
Automobiles	–	–	–	–	0.1
Total investments	73.4	5.8	15.9	95.1	96.1
Other net assets (excluding loans)	4.6	1.2	2.3	8.1	6.2
Loans	(1.1)	–	(2.1)	(3.2)	(2.3)
Grand total (net assets of £1,683,065,000)	76.9	7.0	16.1	100.0	–
At 30 April 2018 (net assets of £1,551,611,000)	72.4	7.7	19.9	–	100.0

*Classifications derived from Benchmark Index as far as possible. The categorisation of each investment is shown in the portfolio available on the Company's website. Not all sectors of the Benchmark are shown, only those in which the Company had an investment at the period end or in the comparative period.



PORTFOLIO

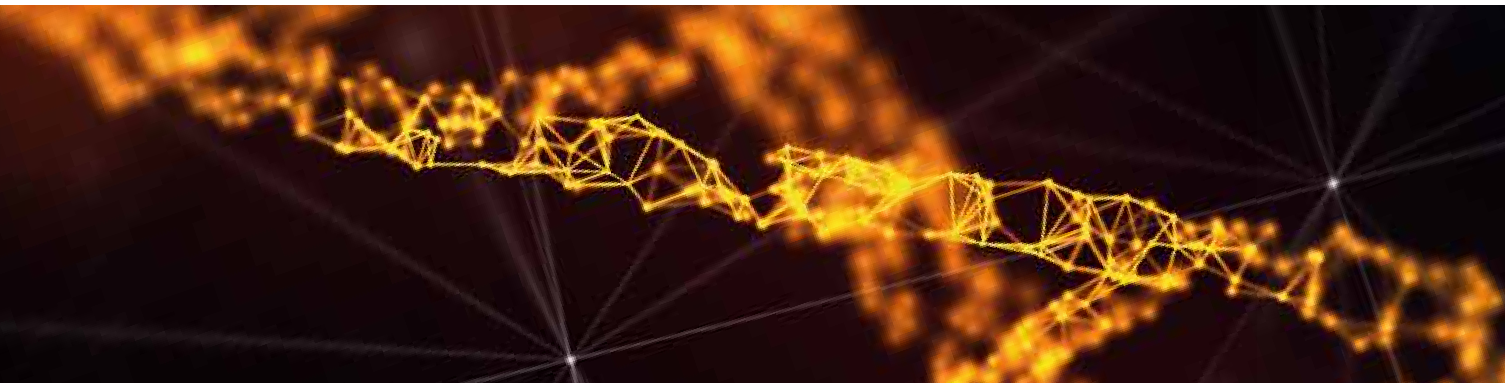
NORTH AMERICA

		Value of Holding		% of Net Assets	
		31 October 2018 £'000	30 April 2018 £'000	31 October 2018 %	30 April 2018 %
Alphabet	Interactive Media & Services	151,330	120,642	9.0	7.8
Microsoft	Software	145,329	121,855	8.6	7.9
Apple	Technology Hardware, Storage & Peripherals	145,018	98,663	8.6	6.4
Facebook	Interactive Media & Services	60,916	84,826	3.6	5.5
Amazon.com	Internet & Direct Marketing Retail	37,874	38,800	2.3	2.5
Salesforce.com	Software	29,362	24,378	1.7	1.6
Nvidia	Semiconductors & Semiconductor Equipment	27,690	21,346	1.6	1.4
Adobe	Software	27,509	31,961	1.6	2.1
Xilinx	Semiconductors & Semiconductor Equipment	26,956	15,052	1.6	1.0
ServiceNow	Software	26,480	17,875	1.6	1.2
Texas Instruments	Semiconductors & Semiconductor Equipment	21,260	19,443	1.3	1.3
PayPal	IT Services	20,440	10,200	1.2	0.7
Advanced Micro Devices	Semiconductors & Semiconductor Equipment	19,833	9,035	1.2	0.6
Zendesk	Software	19,368	16,611	1.2	1.1
Activision	Entertainment	16,569	11,725	1.0	0.8
New Relic	Software	15,432	11,128	0.9	0.7
Pure Storage	Technology Hardware, Storage & Peripherals	14,956	6,042	0.9	0.4
Micron Technology	Semiconductors & Semiconductor Equipment	14,606	10,605	0.9	0.7
Red Hat	Software	13,349	17,458	0.8	1.1
Dolby Laboratories	Electronic Equipment, Instruments & Components	13,165	16,708	0.8	1.1
8X8	Software	13,026	13,359	0.8	0.9
Splunk	Software	13,005	16,362	0.8	1.1
IAC Interactive	Interactive Media & Services	12,754	11,190	0.8	0.7
Arista Networks	Communications Equipment	12,706	11,517	0.7	0.7
Corning	Electronic Equipment, Instruments & Components	12,692	–	0.7	–
Visa	IT Services	12,390	12,032	0.7	0.8

PORTFOLIO CONTINUED

NORTH AMERICA CONTINUED

		Value of Holding		% of Net Assets	
		31 October 2018 £'000	30 April 2018 £'000	31 October 2018 %	30 April 2018 %
Intel	Semiconductors & Semiconductor Equipment	11,647	32,921	0.7	2.1
Twilio	IT Services	11,451	7,074	0.7	0.5
GrubHub	Internet & Direct Marketing Retail	11,440	–	0.7	–
2U	Software	11,375	7,998	0.7	0.5
HubSpot	Software	11,323	9,618	0.7	0.6
Axon Enterprise	Aerospace & Defense	11,116	12,795	0.7	0.8
Ansys	Software	11,051	10,855	0.7	0.7
Monolithic Power Systems	Semiconductors & Semiconductor Equipment	10,926	–	0.6	–
Dropbox	Software	10,881	3,016	0.6	0.2
Pegasystems	Software	10,734	12,681	0.6	0.8
Alteryx	Software	10,562	9,666	0.6	0.6
RingCentral	Software	10,333	6,990	0.6	0.5
Medidata Solutions	Healthcare Technology	10,072	12,532	0.6	0.8
Cognex	Electronic Equipment, Instruments & Components	9,996	6,784	0.6	0.4
Proofpoint	Software	9,738	10,184	0.6	0.7
Autodesk	Software	8,500	–	0.5	–
Chegg	Diversified Consumer Services	8,366	4,108	0.5	0.3
Cree	Semiconductors & Semiconductor Equipment	8,237	5,377	0.5	0.3
Take-Two Interactive Software	Entertainment	8,167	8,776	0.5	0.6
Five9	Software	8,066	7,827	0.5	0.5
Intuitive Surgical	Healthcare Equipment & Supplies	7,931	3,856	0.5	0.2
Mastercard	IT Services	6,901	–	0.4	–
Nutanix	Software	6,770	6,193	0.4	0.4
Rapid7	Software	6,286	6,191	0.4	0.4
Littlefuse	Electronic Equipment, Instruments & Components	6,265	5,707	0.4	0.4
Lumentum	Communications Equipment	6,047	5,437	0.4	0.4
Everbridge	Software	5,711	7,728	0.3	0.5
Booking	Internet & Direct Marketing Retail	5,360	7,598	0.3	0.5
Expedia	Internet & Direct Marketing Retail	5,083	2,507	0.3	0.2
NetFlix.Com	Internet & Direct Marketing Retail	5,030	–	0.3	–



		Value of Holding 31 October 2018 £'000	Value of Holding 30 April 2018 £'000	% of Net Assets 31 October 2018 %	% of Net Assets 30 April 2018 %
Aspen Technology	Software	4,966	7,078	0.3	0.5
Zuora	Software	4,899	–	0.3	–
Universal Display	Electronic Equipment, Instruments & Components	4,792	2,591	0.3	0.2
Okta	IT Services	4,786	–	0.3	–
Electronic Arts	Entertainment	4,288	11,649	0.2	0.8
Twitter	Interactive Media & Services	4,201	–	0.2	–
Cloudera	Software	4,012	–	0.2	–
Align Technology	Healthcare Equipment & Supplies	2,767	–	0.2	–
Groupon	Internet & Direct Marketing Retail	2,559	–	0.2	–
Paycom Software	Software	2,252	–	0.1	–
KVH Industries	Communications Equipment	1,987	1,427	0.1	0.1
Kinaxis	Software	1,892	4,395	0.1	0.3
Despegar.com	Internet & Direct Marketing Retail	1,422	2,409	0.1	0.2
Total North America		1,234,203		73.4	

ASIA PACIFIC (EX-JAPAN)

		Value of Holding 31 October 2018 £'000	Value of Holding 30 April 2018 £'000	% of Net Assets 31 October 2018 %	% of Net Assets 30 April 2018 %
Alibaba	Internet & Direct Marketing Retail	43,017	41,928	2.6	2.7
Tencent	Interactive Media & Services	41,263	55,974	2.5	3.6
Taiwan Semiconductor	Semiconductors & Semiconductor Equipment	39,096	28,670	2.3	1.8
Samsung Electronics	Technology Hardware, Storage & Peripherals	31,626	47,147	1.9	3.0
SK Hynix	Semiconductors & Semiconductor Equipment	8,406	–	0.4	–
GlobalWafers	Semiconductors & Semiconductor Equipment	7,209	–	0.4	–
Atlassian	Software	6,847	3,815	0.4	0.2
Seeing Machines	Electronic Equipment, Instruments & Components	3,645	3,288	0.2	0.2
Pixart Imaging	Semiconductors & Semiconductor Equipment	3,568	3,186	0.2	0.2
Silergy	Semiconductors & Semiconductor Equipment	3,416	5,309	0.2	0.3
E Ink	Electronic Equipment, Instruments & Components	2,919	2,310	0.2	0.1
Total Asia Pacific (ex-Japan)		191,012		11.3	

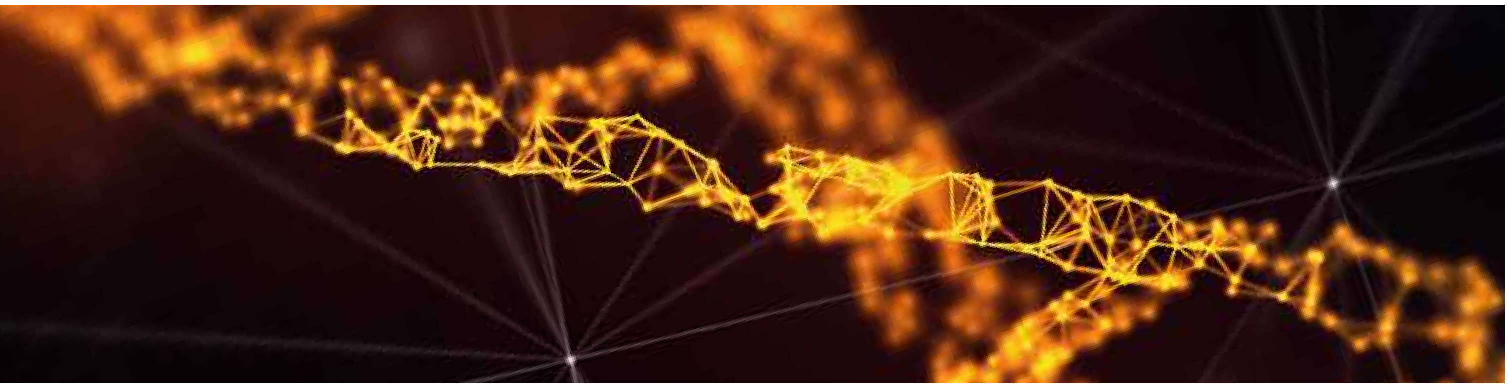
PORTFOLIO CONTINUED

EUROPE

		Value of Holding		% of Net Assets	
		31 October 2018 £'000	30 April 2018 £'000	31 October 2018 %	30 April 2018 %
ASML	Semiconductors & Semiconductor Equipment	15,230	19,027	0.9	1.2
UBI Soft Entertainment	Entertainment	12,085	13,283	0.7	0.9
SAP	Software	11,167	–	0.6	–
Aixtron	Semiconductors & Semiconductor Equipment	10,757	7,097	0.6	0.5
Infineon Technologies	Semiconductors & Semiconductor Equipment	10,045	9,888	0.6	0.6
Spotify Technology	Entertainment	7,798	–	0.5	–
St Microelectronics	Semiconductors & Semiconductor Equipment	5,904	–	0.4	–
CD Projeckt	Entertainment	3,230	–	0.2	–
Materalise	Software	1,960	1,223	0.1	0.1
Tobii	Technology Hardware, Storage & Peripherals	1,526	1,303	0.1	0.1
Total Europe		79,702		4.7	

JAPAN

		Value of Holding		% of Net Assets	
		31 October 2018 £'000	30 April 2018 £'000	31 October 2018 %	30 April 2018 %
Toyko Electron	Semiconductors & Semiconductor Equipment	10,537	16,303	0.6	1.1
Advantest	Semiconductors & Semiconductor Equipment	9,496	9,728	0.6	0.6
Nintendo	Entertainment	7,107	15,801	0.4	1.0
Fuji Machine Manufacturing	Machinery	6,659	5,549	0.4	0.4
GMO Payment Gateway	IT Services	6,654	–	0.4	–
Keyence	Electronic Equipment, Instruments & Components	5,740	12,925	0.3	0.8
Start Today	Internet & Direct Marketing Retail	5,296	–	0.3	–
Harmonic Drive Systems	Machinery	5,147	4,281	0.3	0.3
Hamamatsu Photonics	Electronic Equipment, Instruments & Components	4,870	–	0.3	–
TDK	Electronic Equipment, Instruments & Components	4,309	–	0.3	–
Shimadzu	Electronic Equipment, Instruments & Components	4,184	–	0.2	–
Yahoo Japan	Interactive Media & Services	2,969	–	0.2	–
Zuken	IT Services	2,522	2,162	0.1	0.1
Yaskawa Electric	Electronic Equipment, Instruments & Components	1,070	–	0.1	–
Total Japan		76,560		4.5	



UNITED KINGDOM

		Value of Holding		% of Net Assets	
		31 October 2018 £'000	30 April 2018 £'000	31 October 2018 %	30 April 2018 %
Mimecast	Software	6,355	9,773	0.4	0.6
Ocado	Internet & Direct Marketing Retail	3,448	–	0.2	–
Aveva Group	Software	3,304	3,257	0.2	0.2
Accesso Technology	Electronic Equipment, Instruments & Components	2,418	2,623	0.2	0.2
First Derivatives	IT Services	2,324	3,401	0.1	0.2
Herald Ventures Limited Partnership II	Other	61	91	–	–
Total United Kingdom		17,910		1.1	

MIDDLE EAST & AFRICA

		Value of Holding		% of Net Assets	
		31 October 2018 £'000	30 April 2018 £'000	31 October 2018 %	30 April 2018 %
Mix Telematics ADR	Internet Software & Services	1,642	4,190	0.1	0.3
Total Middle East & Africa		1,642		0.1	
Other net assets		82,036	60,280	4.9	3.9
TOTAL NET ASSETS		1,683,065		100.0	

CORPORATE MATTERS

THE BOARD

At the Company's Annual General Meeting ('AGM') held on 6 September 2018, Brian Ashford-Russell retired as a Director having not sought re-election. There have been no other changes to the membership of the Board in the six months ended 31 October 2018. The Directors' biographical details are available on the Company's website and are provided in the Annual Report of the Company.

AUDITORS

KPMG LLP were re-appointed as the Company's external auditor at the AGM held on 6 September 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that the principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, remain consistent with those outlined in the Annual Report for the year ended 30 April 2018.

We continue to consider the risks arising from the uncertainties around Brexit. The vast majority of our assets are not denominated in Sterling and therefore sharp currency movements in either direction will have an impact on the NAV. This is consistent with our risk profile as stated within the last Annual Report.

The Company has a risk management framework that is a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by geography which mitigates risk but is focused on the technology sector and has a high proportion of non-Sterling investments.

GEARING

On 2 October 2018, the Company had drawn down the two, two-year fixed rate, term loans of JPY 5.2bn and USD 23.3m from ING Bank N.V. Both loans fall due for repayment on 2 October 2020. The JPY loan has been fixed at an all-in rate of 0.80% pa and the USD loan has been fixed at an all-in rate of 4.2% pa. The Company has repaid the two, three-year loan facilities with ING Bank N.V of USD 23.0m and JPY 2.8bn which were drawn down in 2015 and expired on 2 October 2018.

The Company has also agreed a one-year revolving credit facility of USD 46.6m with ING Bank N.V., expiring on 2 October 2019 and with a margin of 0.80% above the prevailing LIBOR/EURIBOR Screen Rate.

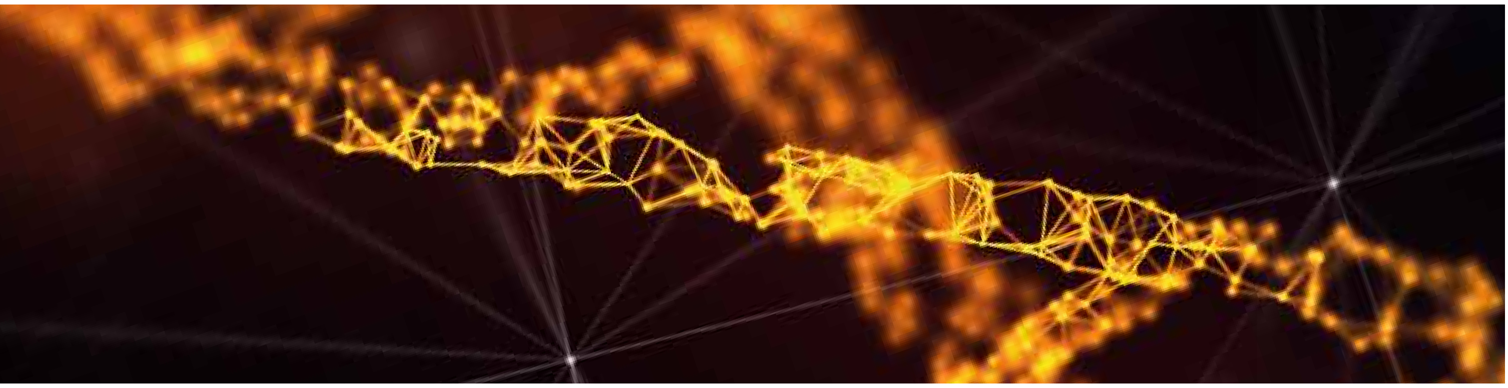
RELATED PARTY TRANSACTIONS

In accordance with DTR 4.2.8R there have been no new related party transactions during the six-month period to 31 October 2018 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Company during that period.

There have therefore been no changes in any related party transaction described in the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year or to the date of this report.

MIFID II

As reported in the Annual Report for the year ended 30 April 2018, from January 2018 brokers' commission payments have been 'unbundled' into payments for execution and payments for research provided by brokers. Prior to this, these payments had been bundled together into one amount paid as transaction commissions. The Board negotiated with Polar Capital to share the cost of research for 2018 and are currently in discussion with Polar Capital in respect of the arrangements for 2019 and thereafter.



Polar Capital Technology is a specialist trust, with a large internal research team. However, in a rapidly changing sector external research is also of considerable value and a considerable amount of it is sourced from the US, where the regulatory arrangements are as yet rather different from those which have been developed in the EU. The technology team is a relatively heavy user of external research. The Board continue to believe that it is important to seek better alignment between the user of this research and the payer for it, but, as expected, changes in the market and arrangements for external research have already been observed and the Board is therefore considering what should follow the temporary arrangement previously agreed for 2018.

For the calendar year 2018, the Board agreed that the Company would contribute 50% of the unbundled research amount, up to a cap of US$ 878,000, representing a considerable reduction in the Company's costs from the prior year. Polar Capital agreed to contribute the other 50% and any amounts in excess of the agreed cap. In addition, the 50% contribution made by the Company is applied solely to specialist technology research, with Polar Capital bearing the cost of general research. Furthermore, in order to protect shareholders, the Board agreed with the Investment Manager that a further tier to the management fee arrangements be put in place for 2018, so that management fees on net assets over £1.7bn are reduced to 0.8%.

The Company will announce any changes to these arrangements in due course once negotiated and agreed with Polar Capital.

Having considered the financial arrangements it was confirmed by the Company's Corporate Broker that the contribution to the cost of research is not a new related party transaction and that no further approval is required.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Polar Capital Technology Trust plc, which are listed in the Directors and Contacts Section, confirm to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS34 Interim Financial Reporting as adopted by the European Union;
- The Interim Management Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Half Year Report for the six-month period to 31 October 2018 has not been audited or reviewed by the Auditors. The Half Year Report for the six-month period to 31 October 2018 was approved by the Board on 11 December 2018.

On behalf of the Board

Sarah Bates
Chair

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 October 2018

		(Unaudited)						(Audited)		
		Six months ended 31 October 2018			Six months ended 31 October 2017			Year ended 30 April 2018		
	Note	Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000
Investment income	2	6,683	–	6,683	5,348	64	5,412	10,021	842	10,863
Other operating income	2	421	–	421	53	–	53	211	–	211
Gains on investments held at fair value	3	–	126,483	126,483	–	252,587	252,587	–	308,076	308,076
Net gains/(losses) on derivative contracts	4	–	4,604	4,604	–	(3,790)	(3,790)	–	(4,657)	(4,657)
Other currency gains/ (losses)	5	–	4,710	4,710	–	534	534	–	(2,369)	(2,369)
Total income		7,104	135,797	142,901	5,401	249,395	254,796	10,232	301,892	312,124
Expenses										
Investment management fee	6	(7,588)	–	(7,588)	(6,132)	–	(6,132)	(13,202)	–	(13,202)
Performance fee	6	–	(1,903)	(1,903)	–	(4,382)	(4,382)	–	(11,169)	(11,169)
Other administrative expenses	7	(920)	–	(920)	(472)	–	(472)	(1,119)	–	(1,119)
Total expenses		(8,508)	(1,903)	(10,411)	(6,604)	(4,382)	(10,986)	(14,321)	(11,169)	(25,490)
(Loss)/profit before finance costs and tax		(1,404)	133,894	132,490	(1,203)	245,013	243,810	(4,089)	290,723	286,634
Finance costs		(404)	–	(404)	(312)	–	(312)	(627)	–	(627)
(Loss)/profit before tax		(1,808)	133,894	132,086	(1,515)	245,013	243,498	(4,716)	290,723	286,007
Tax		(1,030)	–	(1,030)	(770)	–	(770)	(1,438)	–	(1,438)
Net (loss)/profit for the period and total comprehensive income		(2,838)	133,894	131,056	(2,285)	245,013	242,728	(6,154)	290,723	284,569
(Losses)/earnings per ordinary share (basic) (pence)	8	(2.12)	100.06	97.94	(1.72)	184.28	182.56	(4.62)	218.24	213.62

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

The Company does not have any other comprehensive income.

BALANCE SHEET

as at 31 October 2018

	Note	(Unaudited) 31 October 2018 £'000	(Unaudited) 31 October 2017 £'000	(Audited) 30 April 2018 £'000
Non-current assets				
Investments held at fair value through profit or loss		1,601,029	1,470,071	1,491,331
Current assets				
Derivative financial instruments	4	2,881	136	2,369
Receivables		8,839	4,918	9,641
Receivables from issue of ordinary shares		–	740	–
Overseas tax recoverable		39	91	19
Cash and cash equivalents		153,910	75,071	101,156
		165,669	80,956	113,185
Total assets		1,766,698	1,551,027	1,604,516
Current liabilities				
Payables		(29,337)	(10,935)	(17,628)
Bank loans*		(54,296)	(35,876)	(35,277)
Bank overdraft		–	(1,840)	–
		(83,633)	(48,651)	(52,905)
Net assets		1,683,065	1,502,376	1,551,611
Equity attributable to equity shareholders				
Share capital	9	33,456	33,289	33,449
Capital redemption reserve		12,802	12,802	12,802
Share premium		157,868	150,243	157,477
Special non-distributable reserve		7,536	7,536	7,536
Capital reserves		1,562,124	1,382,520	1,428,230
Revenue reserve		(90,721)	(84,014)	(87,883)
Total equity		1,683,065	1,502,376	1,551,611
Net asset value per ordinary share (pence)	10	1257.66	1128.29	1159.69

* As per Corporate Matters Section.

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 October 2018

		(Unaudited) Six months ended 31 October 2018						
	Note	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2018		33,449	12,802	157,477	7,536	1,428,230	(87,883)	1,551,611
Issue of ordinary shares	9	7	–	391	–	–	–	398
Total comprehensive income:								
Profit/(loss) for the period to 31 October 2018	8	–	–	–	–	133,894	(2,838)	131,056
Total equity at 31 October 2018		33,456	12,802	157,868	7,536	1,562,124	(90,721)	1,683,065

		(Unaudited) Six months ended 31 October 2017						
	Note	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2017		33,122	12,802	143,287	7,536	1,137,507	(81,729)	1,252,525
Issue of ordinary shares	9	167	–	6,956	–	–	–	7,123
Total comprehensive income:								
Profit/(loss) for the period to 31 October 2017	8	–	–	–	–	245,013	(2,285)	242,728
Total equity at 31 October 2017		33,289	12,802	150,243	7,536	1,382,520	(84,014)	1,502,376

		(Audited) Year ended 30 April 2018						
	Note	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2017		33,122	12,802	143,287	7,536	1,137,507	(81,729)	1,252,525
Issue of ordinary shares	9	327	–	14,190	–	–	–	14,517
Total comprehensive income:								
Profit/(loss) for the year to 30 April 2018	8	–	–	–	–	290,723	(6,154)	284,569
Total equity at 31 April 2018		33,449	12,802	157,477	7,536	1,428,230	(87,883)	1,551,611

Note – Share capital, Capital redemption reserve, Share premium and Special non-distributable reserve are all non-distributable. Capital reserves and revenue reserve are distributable.

CASH FLOW STATEMENT

for the six months ended 31 October 2018

	Note	(Unaudited) Six months ended 31 October 2018 £'000	(Unaudited) Six months ended 31 October 2017 £'000	(Audited) Year ended 30 April 2018 £'000
Cash flows from operating activities				
Profit before tax		132,086	243,498	286,007
Adjustment:				
Gains on investments held at fair value through profit or loss	3	(126,483)	(252,587)	(308,076)
(Gains)/losses on derivative financial instruments	4	(4,604)	3,790	4,657
Proceeds of disposal on investments		601,385	372,204	893,130
Purchases of investments		(563,021)	(360,098)	(851,177)
Proceeds on disposal of derivative financial instruments		18,303	163	4,762
Purchases of derivative financial instruments		(14,211)	(3,373)	(11,072)
Decrease/(increase) in receivables		86	(102)	(477)
(Decrease)/increase in payables		(9,154)	1,859	8,586
Overseas tax		(1,050)	(791)	(1,387)
Foreign exchange gains	5	(4,710)	(534)	2,369
Net cash generated from operating activities		28,627	4,029	27,322
Cash flows from financing activities				
Loans matured		(30,621)	–	–
Loans drawn		52,847	–	–
Issue of ordinary shares	9	398	6,383	14,517
Net cash generated from financing activities		22,624	6,383	14,517
Net increase in cash and cash equivalents		51,251	10,412	41,839
Cash and cash equivalents at the beginning of the period		101,156	63,602	63,602
Effect of foreign exchange rate changes		1,503	(783)	(4,285)
Cash and cash equivalents at the end of the period		153,910	73,231	101,156

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 October 2018

1. GENERAL INFORMATION

The financial statements comprise the unaudited results for Polar Capital Technology Trust Plc for the six-month period to 31 October 2018.

The unaudited financial statements to 31 October 2018 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and the accounting policies set out in the statutory annual financial statements of the Company for the year ended 30 April 2018. These accounting policies are based on International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and the International Accounting Standards Committee ('IASC'), as adopted by the European Union.

Where presentational guidance set out in the Statement of Recommend Practice ('the SORP') for investments trusts issued by the Association of Investment Companies in November 2014 and updated in February 2018 with consequential amendments is consistent with the requirements of International Financial Reporting Standards, the accounts have been prepared on a basis compliant with the recommendations of the SORP.

The financial information in this Half Year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six-month periods ended 31 October 2018 and 31 October 2017 have not been audited. The figures and financial information for the year ended 30 April 2018 are an extract from the latest published financial statements and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 April 2018, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The accounting policies have not varied from those described in the Annual Report for the year ended 30 April 2018.

IFRS 9 Financial Instruments – became effective for annual periods beginning on or after 1 January 2018. IFRS 9 sets out the requirements for recognising and measuring financial assets and liabilities. The implementation of IFRS 9 did not have an impact on these financial statements, as financial assets and liabilities held by the Company continued to be classified as fair value through profit or loss.

IFRS 15 Revenue from Contracts with Customers – became effective for annual periods beginning on or after 1 January 2018. IFRS 15 sets out the requirements for revenue recognition. Given the nature of the Company's revenue streams from financial instruments, the provision of this standard is not expected to have a material impact on these financial statements.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise stated.

The majority of the Company's investments are in US Dollars, the level of which varies from time to time. The Board considers the functional currency to be Sterling. In arriving at this conclusion, the Board considered that Sterling is the most relevant to the majority of the Company's shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid.

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the company comprise mainly of securities that are readily realisable and accordingly, the Company has adequate financial resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future.

2. INCOME

	(Unaudited) For the six months ended 31 October 2018 £'000	(Unaudited) For the six months ended 31 October 2017 £'000	(Audited) For the year ended 30 April 2018 £'000
Income from investments held at fair value through profit or loss			
Franked dividend	54	82	99
Unfranked dividends	6,629	5,266	9,922
	6,683	5,348	10,021
Other operating income			
Bank interest	421	53	211
Total income	7,104	5,401	10,232
Capital:			
Special dividends allocated to capital	–	64	842
Total investment income allocated to capital	–	64	842

3. GAINS ON INVESTMENT HELD AT FAIR VALUE

	(Unaudited) For the six months ended 31 October 2018 £'000	(Unaudited) For the six months ended 31 October 2017 £'000	(Audited) For the year ended 30 April 2018 £'000
Net gains on disposal of investments at historic cost	174,592	96,702	247,231
Transfer on disposal of investments	(107,739)	(75,026)	(147,916)
Gains based on carrying value at previous balance sheet date	66,853	21,676	99,315
Valuation gains on investments held	59,630	230,911	208,761
	126,483	252,587	308,076

4. GAINS/(LOSSES) ON DERIVATIVES

	(Unaudited) For the six months ended 31 October 2018 £'000	(Unaudited) For the six months ended 31 October 2017 £'000	(Audited) For the year ended 30 April 2018 £'000
Gains/(losses) on disposal of derivatives held	4,593	(3,132)	(3,524)
Gains/(losses) on revaluation of derivatives held	11	(658)	(1,133)
	4,604	(3,790)	(4,657)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the six months ended 31 October 2018

4. GAINS/(LOSSES) ON DERIVATIVES CONTINUED

The derivative financial instruments represent the call and put options used for the purpose of efficient portfolio management. As at 31 October 2018, the Company held Advanced Micro Devices and Facebook call options, the market value of the open call options was £11,000 (31 October 2017: £136,000, 30 April 2018: £863,000) and £526,000 (31 October 2017: nil, 30 April 2018: nil) respectively. As at 31 October 2018, the Company also held a Powershares QQQ put option, the market value of the open put option position was £2,344,000 (31 October 2017: nil, 30 April 2018: £1,506,000).

5. OTHER CURRENCY GAINS/(LOSSES)

	(Unaudited) For the six months ended 31 October 2018 £'000	(Unaudited) For the six months ended 31 October 2017 £'000	(Audited) For the year ended 30 April 2018 £'000
Exchange gains/(losses) on currency balances	7,352	(783)	(4,285)
Exchange losses on settlement of loan balances	(5,849)	–	–
Exchange gains on translation of loan balances	3,207	1,317	1,916
	4,710	534	(2,369)

6. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

Investment Management Fee

The investment management fee is 1% on the Net Asset Value per share multiplied by the arithmetic mean over the period of the number of shares up to £800m and above £800m the investment management fee reduces to 0.85%. On 1 January 2018 in connection with discussions and the Company's agreement to making a contribution to Research costs under MiFID II regulations, a temporary third tier management fee of 0.80% on assets over £1.7bn was introduced. The fee is payable quarterly in arrears based on the Net Asset Value at the end of each quarter. Any investments in funds managed by Polar Capital are excluded from the management fee calculation.

Performance fee

The investment manager is entitled to a performance fee based on the level of outperformance of the Company's net asset value per share over its benchmark, the Dow Jones World Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes) during the relevant performance period. A fuller explanation of the performance and management fee arrangements is given in the Annual Report.

At 31 October 2018, there is an accrued performance fee of £1,903,000 (31 October 2017: £4,382,000 and 30 April 2018: £11,169,000). The quantum of any performance fee will be based on the audited net asset value at the year end on 30 April 2019.

7. OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses of £920,000 (31 October 2017: £472,000, 30 April 2018: £1,119,000) include research costs of £363,000 (31 October 2017: nil, 30 April 2018: £209,000) that relate solely to specialist technology research. This is the first full period in which these research costs have been applied. For more information relating to research costs under MiFID II refer to the Corporate Matters section. The Company's other administrative expenses, excluding research costs, were £557,000 (31 October 2017: £472,000, 30 April 2018: £910,000).

8. (LOSSES)/EARNINGS PER ORDINARY SHARE

	(Unaudited) For the six months ended 31 October 2018 £'000	(Unaudited) For the six months ended 31 October 2017 £'000	(Audited) For the year ended 30 April 2018 £'000
Net (loss)/profit for the period:			
Revenue	(2,838)	(2,285)	(6,154)
Capital	133,894	245,013	290,723
Total	131,056	242,728	284,569
Weighted average number of shares in issue during the period	133,817,826	132,955,392	133,214,816
Revenue	(2.12)p	(1.72)p	(4.62)p
Capital	100.06p	184.28p	218.24p
Total	97.94p	182.56p	213.62p

9. SHARE CAPITAL

At 31 October 2018 there were 133,825,000 Ordinary Shares in issue (31 October 2017: 133,155,000; 30 April 2018: 133,795,000). During the six months ended 31 October 2018 the Company issued 30,000 Ordinary Shares into the market (31 October 2017: 668,000 shares; 30 April 2018: 1,308,000 shares), at a price of 1330.0p per share, for total consideration of £398,000 (31 October 2017: £14,517,000, 30 April 2018: £7,123,000). During the same period the Company bought back no Ordinary Shares (31 October 2017: nil, 30 April 2018: nil).

10. NET ASSET VALUE PER ORDINARY SHARE

	(Unaudited) 31 October 2018 £'000	(Unaudited) 31 October 2017 £'000	(Audited) 30 April 2018 £'000
Undiluted:			
Net assets attributable to ordinary shareholders (£'000)	1,683,065	1,502,376	1,551,611
Ordinary shares in issue at end of period	133,825,000	133,155,000	133,795,000
Net asset value per ordinary share	1257.66p	1128.29p	1159.69p

11. DIVIDEND

No interim dividend has been declared for the period ended 31 October 2018 nor the periods ended 31 October 2017 or 30 April 2018.

12. RELATED PARTY TRANSACTIONS

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six-month period to 31 October 2018.

DIRECTORS AND CONTACTS

DIRECTORS (all independent non-executive)

Sarah C Bates (Chair)
Charlotta Ginman (Audit Committee Chair)
Peter JD Hames (Senior Independent Director)
Tim Cruttenden
Stephen White
Charles Park

INVESTMENT MANAGER AND AIFM

Polar Capital LLP
Authorised and regulated by the
Financial Services Authority

PORTFOLIO MANAGER

Ben Rogoff

COMPANY SECRETARY

Polar Capital Secretarial Services Limited
represented by Tracey Lago

REGISTERED OFFICE AND ADDRESS FOR CONTACTING THE DIRECTORS

16 Palace Street, London SW1E 5JD
020 7227 2700

CORPORATE BROKER

Stifel Nicolaus Europe limited
150 cheapside
London EC2V 6ET

DEPOSITARY, BANKERS AND CUSTODIAN

HSBC Bank Plc, 8 Canada Square, London E14 5HQ

REGISTERED NUMBER

Incorporated in England and Wales with company number 3224867 and registered as an investment company under section 833 of the Companies Act 2006

COMPANY WEBSITE

www.polarcapitaltechnologytrust.co.uk

You can find shareholder information and news on the Company's website including Fund Manager commentary and videos through Tech Talk

FORWARD LOOKING STATEMENTS

Certain statements included in this report and financial statements contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report section on pages 42 to 45 of the Annual Report. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Technology Trust plc or any other entity and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

HALF YEAR REPORT

The Company has opted not to post half year reports to shareholders. Copies of the Half Year Report will be available from the Secretary at the Registered Office, 16 Palace Street, London SW1E 5JD and from the Company's website at www.polarcapitaltechnologytrust.co.uk

NATIONAL STORAGE MECHANISM

A copy of the Half Year Report has been submitted to the National Storage Mechanism ('NSM') and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM.

Neither the contents of the Company's website nor the contents of any website accessible from the hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this announcement.

Polar Capital Technology Trust plc

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