Polar Capital Technology Trust plc

31 December 2021

Trust Fact Sheet

Ordinary Shares

Share Price	2,728.00p
NAV per share	2,838.29p
Premium	-
Discount	-3.89%
Capital	134,368,804 shares of 25p

Assets & Gearing [1]

Total Net Assets	£3,813.9m
AIC Gearing Ratio	n/a
AIC Net Cash Ratio	5.17%

Fees [2 3]

Management Fees	
£0 - £800m	1.00%
£800m - £1.6bn	0.85%
£1.6bn - £2bn	0.80%
Over £2bn	0.70%
Performance	10.00% over Benchmark
Ongoing Charges	0.82%

Fund Managers

Ben Rogoff
Partner
Ben has directed the Trust since 2006, he joined Polar Capital in 2003 and has 26 years of industry experience.

Nick Evans	Partner
Fatima Iu	Fund Manager
Xuesong Zhao	Fund Manager
Alastair Unwin	Fund Manager
Chris Wittstock	Senior Investment Analyst
Brad Reynolds	Investment Analyst
Paul Johnson	Investment Analyst
Nick Williams	Investment Analyst
Patrick Stuff	Investment Analyst

Fund Awards

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

Portfolio Adviser Fund Awards '20 Gold Sector Specialist

AJBell Awards 2021 Technology/Biotech - Active

Trust Profile

Investment Objective

The Company aims to maximise long-term capital growth through investing in a diversified portfolio of technology companies around the world.

Key Facts

- One of the largest dedicated tech investment teams in Europe
- Theme-based approach to stock selection
- Looking for the best small, medium or large companies across the globe
- Launched in 1996, it has a multi-cycle track record

Investment Policy

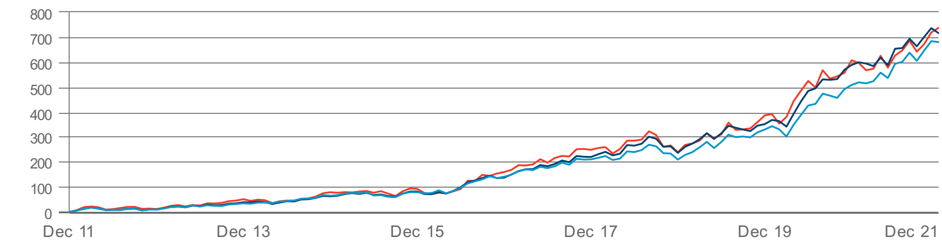
The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

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 10 years (%)



	1 month	3 month	YTD	1 year	3 years	5 years	10 years
Ordinary Share Price (TR)	2.25	12.82	18.35	18.35	147.10	222.27	736.81
NAV per share	-2.38	6.96	18.52	18.52	142.06	243.56	722.62
Benchmark	-0.49	10.61	28.18	28.18	151.97	224.02	679.88

Discrete Annual Performance (%) [4]

	Financial YTD	31.12.20 31.12.21	31.12.19 31.12.20	31.12.18 31.12.19	29.12.17 31.12.18	30.12.16 29.12.17
Ordinary Share Price (TR)	15.40	18.35	45.33	43.66	-2.90	34.32
NAV per share	13.70	18.52	52.39	34.02	5.21	34.90
Benchmark	18.58	28.18	41.60	38.83	-0.26	28.94

Performance relates to past returns and is not a reliable indicator of future returns.
Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, total return, Net of Fees in GBP terms.
1. Gearing calculations are exclusive of current year Revenue/Loss.
2. The performance fee is subject to a high watermark 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.
4. The end of the financial year for the Company is the final day of April each year.

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.

Portfolio Exposure

As at 31 December 2021

Top 10 Positions (%)

Microsoft	10.2
Apple	9.7
Alphabet	8.5
NVIDIA	3.6
Facebook	3.6
Advanced Micro Devices	2.9
TSMC	2.6
Samsung Electronics	2.5
Amazon	1.8
Micron Technology	1.6
Total	**47.0**

Total Number of Positions	**105**

Market Capitalisation Exposure (%)

Large Cap (>US$10 bn)	91.5
Mid Cap (US$1 bn - 10 bn)	8.1
Small Cap (<US$1 bn)	0.4

Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid July
Next AGM	September 2022
Continuation Vote	2025 AGM
Listed	London Stock Exchange

Benchmark

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

FX Rates

GBP/USD	1.3545
GBP/EUR	1.1910
GBP/JPY	155.9717

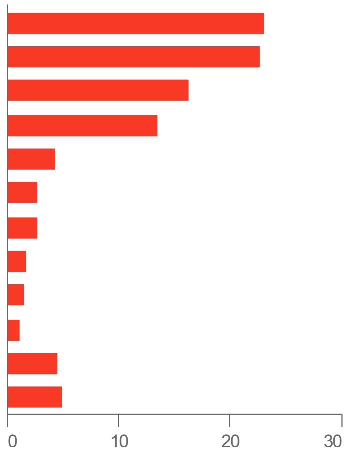
Codes

Ordinary Shares

ISIN	GB0004220025
SEDOL	0422002
London Stock Exchange	PCT

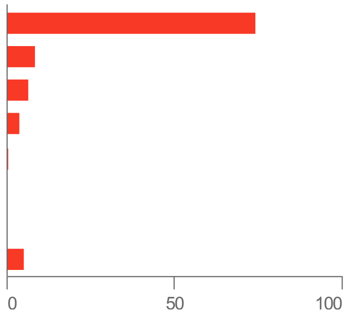
Sector Exposure (%)

Software	23.3
Semiconductors & Semiconductor Equip.	22.8
Interactive Media & Services	16.3
Tech. Hardware, Storage & Periph.	13.5
IT Services	4.3
Internet & Direct Marketing Retail	2.9
Entertainment	2.8
Electronic Equipment, Instruments & Components	1.8
Communications Equipment	1.5
Automobiles	1.1
Other	4.6
Cash	5.1



Geographic Exposure (%)

US & Canada	74.5
Asia Pac (ex-Japan)	8.8
Europe (ex UK)	6.7
Japan	3.7
Middle East & Africa	0.9
Latin America	0.2
UK	0.2
Cash	5.1



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.

Note: Totals may not sum due to rounding. 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.

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

Corporate Contacts

Registered Office and Website
16 Palace Street, London SW1E 5JD
www.polarcapitaltechnologytrust.co.uk

Registrar
Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
www.shareview.co.uk

Custodian
HSBC Plc is the Depositary and provides global custody of all the company's investments.

Fund Manager's Comments

Market review

Global equity markets advanced in December to finish the year on a high as the MSCI All Country World advanced +1.9% while the S&P 500 gained +2.4% and the DJ Euro Stoxx 600 +4% during the month. The strong close to an eventful year led to a full-year return of +19.6% for the MSCI All Country World versus the S&P 500 at +29.8% while the DJ Euro Stoxx 600 modestly underperformed at +18.2% (all returns in sterling terms).

It is now two years since COVID-19 began to reshape the world we live in. Thankfully, the introduction of vaccines and anti-viral treatments during 2021 provided us with some much-needed light at the end – hopefully – of the proverbial tunnel. Unfortunately, late November delivered another setback in the form of the Omicron variant which has subsequently engulfed the world due to its mind-blowing transmissibility. During the three previous COVID-19 waves, peak new cases were between 700,000-900,000; in early January new cases are reported to be 2.5 million daily with the US alone exceeding one million.

While the combination of an apparently less deadly variant and greater immunity (natural or via vaccines) may have broken the link between infection and death, the sheer volume of cases and the ability of Omicron to at least partially evade previous immunity threatens significant worldwide disruption. Initially this caused panic, leading to the US 10-year Treasury to fall to 1.34% while the VIX Index (an option-implied measure of market volatility) exceeded 30. Since then, a more optimistic view has emerged with this 'weaker' variant the potential bridge between pandemic and endemic phases. This led equity markets to fully recover into year end. Commodity markets also rebounded strongly, and oil prices came close to recovering all their earlier losses with WTI Oil gaining +14.2%. The US 10-year Treasury yield also recovered sharply, ending the year around 1.5% and surging towards a post-pandemic peak of 1.7% during the first week of 2022. This likely reflects the potential for a strong post-pandemic rebound with ongoing supply constraints.

In addition, there was a notable and incrementally hawkish shift from several central banks, with the US Federal Reserve (Fed) moving to double the pace of its tapering from $15bn to $30bn, with the termination of QE purchases now forecast for March instead of June, while the new dot plot graph indicates the FOMC expects three rate hikes in 2022. Beyond this, the median dot also envisages three additional hikes in 2023 and two in 2024, bringing the Fed Funds just below the FOMC's estimate of the longer-term neutral rate. In the accompanying statement, the FOMC Committee acknowledged inflation had exceeded target for some time and emphasised that lift-off would be tied to the economy reaching full employment.

The FOMC minutes – released on 5 January – reiterated this more hawkish tone, with the committee noting "it may be warranted to increase the federal funds rate sooner or at a faster pace than participants had earlier anticipated" and "some participants… noted that it could be appropriate to begin to reduce the size of the Federal Reserve's balance sheet relatively soon after beginning to raise the federal funds rate".

The ECB also announced a reduction in its bond purchases. Purchases under the Pandemic Emergency Purchase Program (PEPP) will be reduced and will end in March, although the regular Asset Purchase Program (APP) will continue until there are plans to raise interest rates. For the time being, however, the ECB does not foresee any rate hikes in 2022. The Bank of England raised its benchmark interest rate from 0.1% to 0.25%, making the UK the first of the G7 economies to experience a rate rise since the start of the pandemic. Evidence of a very tight labour market and persistent inflation pressures were cited as key influences behind the decision.

While we would not be surprised to see higher interest rates, the possibility remains that inflationary pressures (and bond yields) may peak earlier in 2022 than expected. Leading economic activity indicators that remain in expansion territory are fading from recent highs with Omicron likely to further dampen near-term expectations. The US manufacturing ISM survey showed a 2.4-point decline at the headline level to 58.7 in December, disappointing consensus expectations of a milder fade to 60 and leaving the index at an 11-month low. The underlying sub-indices promisingly indicated that supply-chain strains are easing as the prices paid sub-index slumped to 68.2 from 82.4. This marked the lowest prices paid index reading since November 2020 and is notable because ISM prices were one of the first early signals of supply-chain strains and led the surge in consumer prices.

The eurozone manufacturing PMI fell slightly during December, to 58 down from 58.4 in November, its lowest reading in 10 months. In a similar fashion to the US survey, the highlight of the December survey centred on supplier performance which indicated alleviating pressures on supply chains. The average input lead times lengthened to the weakest extent since February. In China, the official manufacturing PMI reached a five-month high of 50.3, marking a second month above 50 as headwinds from the policy-induced downturn in production and power cuts continued to fade. Both inventories and input price sub-indices continued to improve in the month with no evidence of supply-chain disruption from the Omicron variant being visible.

Technology review: performance

The technology sector underperformed the broader market in December, the Dow Jones World Technology Index declining -0.5% during the month. Large-cap US tech continued to outperform into the year end, the Russell 1000 Technology Index declining -0.4%. December proved a microcosm of 2021 in terms of diverging subsector performance with the SOX Semiconductor Index returning +1%, while the NASDAQ Internet Index and Bloomberg Americas Software Index suffered declines of -6.5% and -3.6% respectively.

Encouragingly, the technology sector had another strong year in 2021 (after a phenomenal 2020), the Dow Jones Global Technology Index gaining +28.1% supported by strong underlying growth in revenue and earnings, as well as dollar strength – the trade-weighted dollar rising c6.4% during the year. Having been at the heart of the response to the COVID-19 pandemic, the sector lagged the broader market during the reopening phase, however. Strong headline returns led by the largest companies also belied bifurcated subsector returns. For the calendar year, the NASDAQ Internet Index declined -4.3%, the Bloomberg Americas Software Index returned +27.6% while the Philadelphia Semiconductor

Index (SOX) returned +44.1%, providing a tailwind for more value-oriented investors. Large caps materially outperformed, the Russell 1000 Technology Index returning +38.4%, while the small-cap Russell 2000 Technology Index returned +15.1%.

Technology review: fundamentals

There were some notable off-season reports during December. In the software subsector, guidance has proved a little more conservative relative to heightened market expectations, with foreign exchange (FX) headwinds and margin pressure as companies expect travel and other expenses to partially resume going forwards.

Salesforce.com reported revenue and current remaining performance obligation (cRPO) growth modestly above consensus, as well as strong operating margins. However, next-quarter guidance was below consensus expectations, mostly related to FX headwinds and a deceleration at earlier acquisition MuleSoft. Adobe results were largely in line, although net new annual recurring revenue (ARR) modestly missed guidance due to lower traffic on Black Friday/Cyber Monday. Guidance was more disappointing (hopefully conservative) with FY22 revenue expected to be $17.9bn (below consensus at $18.2bn), only +13% y/y, although this included a c200bps headwind from one fewer week and a c100bps headwind from foreign exchange. Operating margin pressure is also evident as guidance implies a -150bps y/y contraction. We had been reducing our position into the print in both stocks and reduced further afterwards.

Coupa reported revenue, billings and EPS above sell-side consensus estimates, although organic billings growth decelerated to +26% y/y, on a tough comparison, shy of buy-side expectations. Management took a typically conservative approach to next-quarter guidance, calling for billings of $290m (versus consensus at $317m), up +14% y/y on an organic basis. Management noted that while they are helping customers address acute supply-chain issues near term, they are also starting to engage in deeper supply-chain transformation conversations which should yield much larger deals in time.

Database platform provider MongoDB delivered a stellar set of results with revenue growing +50% y/y (10% higher than expected), Atlas cloud accelerated for the fourth quarter in a row to +84% y/y and a 900bps y/y improvement in operating margin. Growth has re-accelerated not only due to the secular growth of modern applications being built in the cloud, but also potentially winning the broader industry debate as to whether Mongo's document model is sufficiently performant and scalable to handle mission-critical workloads. This comes at the expense of the alternative view in the market, often touted by Amazon Web Services (AWS), that customers should employ special-purpose databases that are tailored to the class of applications being built. It seems customers are increasingly standardizing their product development initiatives on MongoDB's platform.

Work management software provider Smartsheet also reported results and guidance that were better than expected, benefitting from accelerating traction with large enterprise customers and its Advance offering (premium digital asset management and skills-based resource management capabilities). Initial FY23 billings growth guidance of +37-40% y/y was well above consensus at +26% y/y, while net revenue retention (NRR) guidance of c130% (in line with the 131% during the quarter) should continue to alleviate investor concerns about post-pandemic deceleration.

Unfortunately, Docusign proved another earlier work-from-home winner that missed billings expectations for Q3 results/Q4 guidance, joining the likes of Zoom, Twilio and Peloton* with "more normalised buying patterns", primarily in the US. There appears to have been a pull forward of demand that has created a tough comparison for the company over the next few quarters and it has so far failed to execute on demand stimulation efforts to offset this. That said, we continue to believe in the wider adoption of digital signatures and agreement process automation in a work-from-anywhere environment.

In the semiconductor sector, Marvell delivered strong results and guidance well above consensus expectations with strong y/y growth rates across all its end markets. This reflects its leadership position in strategic markets like 5G, cloud and automotive, several design wins ramping up and strong operational execution to unlock additional supply. Management continues to see strong momentum in 5G (with revenue expected to be up 30% q/q in the next quarter) driven by Nokia's first-generation baseband ramp and the continued strength of global 5G deployments by Samsung.

Ambarella – a recent purchase – which provides AI vision processors for edge applications reported strong results and guidance, disclosing that its six-year automotive revenue funnel has tripled from $600m a year ago to $1.8bn today ($700m of which is already booked), including new wins at Uber and Rivian. As part of a broader turnaround strategy by new CEO Pat Gelsinger, Intel* announced plans to take its Mobileye unit public in mid-2022 at a >$50bn valuation, having acquired the company for $15.3bn in 2017, which should be supportive for Ambarella's valuation as a computer vision competitor in the automotive sector.

Apple became the first ever public company to reach a $3trn market cap and now represents c7% of the S&P 500, surpassing IBM's 1984 record of 6.4%. The stock benefited from a flight to safety during the month, as well as positive news flow. Near term, iPhone supply-chain checks and App Store third-party data points are both surprising to the upside, which bodes well for the December quarter despite headlines on build cuts.

Apple was also granted a stay in the Epic ruling that was supposed to be implemented during the month, meaning its in-house, in-app payment system will remain the only option for in-app payments on iOS for now, avoiding a small hit to services' revenue (and taking away a positive for names such as Roblox). Finally, there is enthusiasm for AR/VR into a product launch in 2022 or 2023 as well as metaverse optionality.

In the internet subsector, the *Financial Times* reported that internet platforms including Facebook and Snap have been using a loophole in Apple's ATT privacy policies to collect anonymized and aggregated user data for attribution, without uniquely identifying devices. It is a grey area sometimes called 'fingerprinting', the practice of which is a technical violation that Apple could stop. However, Apple are holding back on the most draconian enforcement, indicating that a quiet truce over iPhone privacy changes may have been reached.

Within e-commerce, Black Friday/Cyber Monday data points were relatively muted, but against a very difficult comparison (COVID-19/lockdown demand last year), and a backdrop of supply-chain issues and cost inflation which meant retailers experienced stronger demand early November as purchases were pulled forward. Amazon internal data was up >10%y/y, however the quarter may be impacted by an outage at AWS which knocked out major internet apps and services such as Twitter, Netflix and Disney+.

Outlook

Rapid vaccination/booster campaigns in developed countries appear for now to have broken the link between COVID-19 case numbers and hospitalizations and deaths. However, the Omicron variant has proved another sobering reminder of the inherent unpredictability of macroeconomic and market conditions, and a reminder of the need for a highly liquid and well-diversified portfolio.

The tensions between more macroeconomic growth, where we assume the fiscal impulse moderates and financial conditions tighten somewhat during the reopening, and perhaps easing inflationary fears – as supply further recovers, demand normalises – remains. A stronger economy will increase inflationary pressure and should, within reason, be positive for equities. Meanwhile a slower recovery will reduce the likelihood of materially higher bond yields and could support growth/risk assets.

Toward year end and into early 2022, high-growth software companies came under intense pressure with valuations compressing by more than 25% as a rapid rebound in the 10-year US Treasury yield back towards 2021 highs (c1.70%) and a 'bear steepening' in the yield curve raised concerns about the susceptibility of high multiple stocks to tighter financial conditions.

While valuations for growth companies are normalising and the fundamental outlook for our sector remains encouraging, one large uncertainty remains – the impact of Omicron on countries such as China who continue to pursue a zero COVID-19 strategy. It feels like there is a limit to how long these countries can hold back the tidal wave of Omicron. Either way, continued headwinds to economic growth will remain either in the form of waves of tight restrictions or the impact of the virus itself. This also has potential to create further supply-chain disruption and market volatility if the situation becomes more acute.

Encouragingly, Goldman Sachs' Effective Lockdown Index (ELI) has indicated that new COVID-19 variants have seen policy responses and impacted mobility, but by less each time and the impact on GDP growth has become less pronounced. The fiscal impulse is waning in the US but remains supportive in Europe and potentially in China.

Labour market tightness has been widely reported given the 'Great Resignation' currently underway, and 4.5 million Americans quit their jobs in November, the highest in the two decades of tracking. Job openings remain near record levels. Attracting and retaining skilled staff has come up at many of our recent company meetings. Competition for talent has long been a feature of the technology landscape and runs all the way up to the largest companies. We expect many of our holdings to continue to be able to compete effectively in a tight labour market, and the wider shortages and wage inflation to act as a meaningful driver for the adoption of automation and artificial intelligence (AI) in every industry.

We remain constructive on the fundamental outlook for the technology sector and continue to expect the portfolio to deliver strong growth as the necessity of digital transformation continues to drive IT spending, cloud adoption and the increasing integration of AI into the world. Morgan Stanley's 3Q21 CIO survey indicated that 45% of CIOs expect IT spend to increase as a percentage of revenues in their organisations over the next three years (versus 5% who are expecting a decline). A December 2021 survey by McKinsey found 56% of respondents reported AI adoption in at least one corporate function and 27% reported at least 5% of EBIT attributable to AI. We also continue to believe the pandemic spurred even laggards to adopt the cloud and digitally transform in order to support vast numbers of remote workers and customers alike.

Structural drivers for the sector remain strong: annual software spending has expanded to 3% of US GDP from 2.25% in 2018; our conversations with many company management teams indicate a strong demand environment; and R&D as a percentage of US capex has reached 20% from a low to mid-teens level over the past 20 years, while software capex has reached a new high of 16.9% of total US capex from 10-11% pre-GFC and just c7% in the early 1990s.

It is also worth noting from a long-term structural perspective that many of the most acute pressures in the economy and society today can be best alleviated, if not totally solved, by the application of more technology rather than less: labour shortages call for a higher degree of automation, online skills training, the ability to work from anywhere and deeper online labour markets; climate change requires creative and ambitious technological solutions, products and services delivered with greater energy efficiency and ever more data to understand the world we wish to preserve; an aging population requires remote health provision, personalised medicine and greater connectivity.

All these things will benefit from ongoing advances within the technological stack, but most significantly from the adoption and proliferation of AI. The pandemic has demonstrated the extraordinary power of innovative technology at scale, with everything from mRNA-based vaccines invented and deployed within a year to a cloud infrastructure and technology-supported economy that did not break down.

The Fed's recent more hawkish pivot has driven a sharp growth to value rotation that has little to do with technology fundamentals. We do not believe valuation excesses have fully unwound, but we are starting to see more attractive opportunities. According to Goldman Sachs, at the time of writing value has outperformed growth by 24% in five days, coinciding with a 31bp increase in real yields, which is a good reminder of the extent of the rotation.

Our team of 10 will be (virtually) meeting a large number of companies and listening to a huge number of earnings calls in the coming weeks. If, as we expect, the tone of these interactions remains positive and this correction in high-quality growth equities continues, we would expect to move back to a more growth-centric and fully invested position, particularly as we progress through earnings season and see how stocks react to management guidance.

*not held

Ben Rogoff

12 January 2022

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.

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Holdings Portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the Company. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the Company's best interest to do so. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. This document is not a recommendation to purchase or sell any particular security. It is designed to provide updated information to professional investors to enable them to monitor the Company.

Benchmarks The following benchmark index is used: Dow Jones Global Technology Index (Total Return). This benchmark is generally considered to be representative of the Technology Equity universe. This benchmark is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to www.djindexes.com for further information on this index. Comparisons to benchmarks have limitations as benchmarks volatility and other material characteristics that may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Company may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Company may incur. The performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund was similar to the indices in composition or risk. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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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.

Country Specific Disclaimers The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") and the holders of its shares will not be entitled to the benefits of the Investment Company Act. In addition, the offer and sale of the Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). No Securities may be offered or sold or otherwise transacted within the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act). In connection with the transaction referred to in this document the shares of the Fund will be offered and sold only outside the United States to, and for the account or benefit of non U.S. Persons in "offshore- transactions" within the meaning of, and in reliance on the exemption from registration provided by Regulation S under the Securities Act. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Any failure to comply with the above restrictions may constitute a violation of such securities laws.