Polar Capital Technology Trust plc

POLAR CAPITAL

Trust Fact Sheet

31 December 2014

Trust Facts

Ordinary Shares

Share Price	583.00p
NAV per share	565.79p
Premium	3.04%
Discount	-
Capital	132,336,159 ordinary shares of 25p

Assets & Gearing[1]

Total Net Assets	£748.8m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	3.20%

Benchmark

Dow Jones World Technology Index Total Return adjusted for withholding taxes (from 1 May 2013)

Fees[2]

Management	1.00%
Performance	15% over Benchmark

FX Rates

GBP/USD	1.56
GBP/EUR	1.29
GBP/JPY	186.95

Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 4 and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

Discount Warning

The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

Company Profile

Investment Objective

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

Investment Rationale

Over the last three decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broader market, reflecting the longer-term secular uptrend in technology spending.

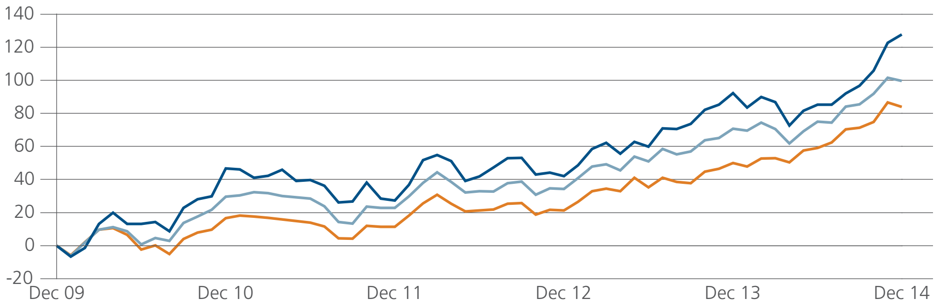
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

Investment Approach

Polar Capital selects companies for their potential for shareholder returns, not on the basis of technology for its own sake. We believe in rigorous fundamental analysis and focus on: management quality, the identification of new growth markets, the globalisation of major technology trends, and exploiting international valuation anomalies and sector volatility.

Performance

Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
■ Ordinary Share Price	2.28	15.79	22.97	18.50	127.73
■ NAV per Share	-0.95	7.63	14.04	16.91	99.62
■ Benchmark	-1.44	7.39	15.57	22.68	83.88

Discrete Annual Performance (%)

	30/04/14 31/12/14	30/04/13 30/04/14	30/04/12 30/04/13	28/04/11 30/04/12	30/04/10 28/04/11
Ordinary Share Price	31.90	10.92	2.97	3.61	21.74
NAV per Share	23.41	11.17	5.01	6.64	16.88
Benchmark	22.34	13.07	5.98	8.12	4.87

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return. Past performance is not indicative or a guarantee of future results.

1. Gearing calculations are exclusive of current year Revenue/Loss.

2. The performance fee is subject to a highwater mark and cap. Further details can be found in the latest Report and Accounts.

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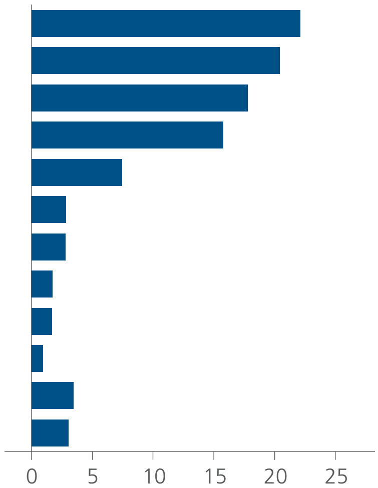
Polar Capital Technology Trust plc

Portfolio Exposure

As at 31 December 2014

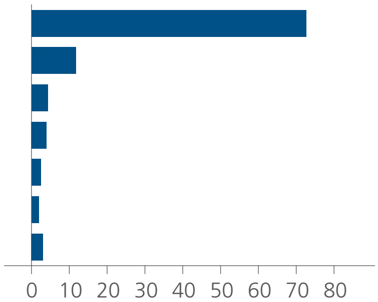
Sector Exposure (%)

Internet Software & Services	22.1
Software	20.4
Semiconductors & Semiconductor Equip.	17.8
Tech. Hardware, Storage & Peripherals	15.8
Communications Equipment	7.4
Elec. Equip. Instruments & Components	2.9
IT Services	2.8
Internet & Catalog Retail	1.7
Healthcare Technology	1.7
Unclassified	0.9
Other	3.4
Cash	3.0



Geographic Exposure (%)

US & Canada	72.6
Asia Pac (ex-Japan)	11.7
Europe (ex UK)	4.3
Japan	4.0
Middle East & Africa	2.4
UK	1.9
Cash	3.0



Top 15 Holdings (%)

Apple	9.7
Google*	7.0
Microsoft	3.8
Facebook	3.7
Intel	2.8
Cisco Systems	2.3
Samsung Electronics	1.9
Baidu	1.8
TSMC	1.6
Oracle	1.5
Splunk	1.4
Western Digital	1.4
Micron Technology	1.4
Tencent	1.4
Qualcomm	1.3
Total	**43.0**
Total Number of Positions	**123**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	70.5
Mid Cap (>$1bn - $10bn)	22.2
Small Cap (<$1bn)	7.4

Investing in the Trust and Shareholder Information

Market Purchases

The shares of Polar Capital Technology Trust PLC are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Share Dealing Services

Details of the different ways of dealing in the company's shares are given on the website. Equiniti, the company's registrars provide an internet share sale service.

Telephone	0800 876 6889
Online	www.shareview.co.uk

Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme or an ISA.

Corporate Contacts

Registered Office and Website

4 Matthew Parker Street, London SW1H 9NP
www.polarcapitaltechnologytrust.co.uk

Custodian

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

Registrar

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

Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid June
Next AGM	September 2015
Continuation Vote	2015 AGM
Listed	London Stock Exchange

Codes

Ordinary Shares

ISIN	GB004220025
SEDOL	422002
London Stock Exchange	PCT

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Note: Totals may not sum due to rounding.

*Combination of Class A and Class C Google shares.

Fund Manager Comments

As at 31 December 2014

Market Review

Global equities ended the year on a softer note, the FTSE World Index falling 2% in December in sterling terms, taking the edge off what was another positive year for equities. In what is typically a quiet month, the continued oil price rout dominated investor attention – crude oil breaking below $60/barrel (dropping c.50% from its summer highs). This unexpected, precipitous oil price decline is hitting energy exporters hard, nowhere more so than the sanction-hit Russian economy where the Central Bank hiked interest rates to 17% in an attempt to stabilise the Rouble and prevent capital flight.

US macro data remained robust with November non-farm payrolls (NFP) up 321,000 (the biggest monthly increase in almost three years), strong retail sales and the Michigan Consumer Confidence survey hitting a seven year high. A surprise 5% rise in third-quarter US GDP grabbed the headlines – although, once adjusted for Obamacare-related spending, it was more inline with expectations albeit still supportive of a gradually strengthening US recovery. Whilst the US Dollar (US$) continued its recent run, strengthening further to 0.83 US$/Euro (a four year high), the US 10-year Treasury yield slipped to 2.17% – a surprising move likely echoing tighter sovereign yields elsewhere and recent language from the Federal Reserve (replacing the term "considerable time" with "patience") regarding the timing of interest rate rises.

Elsewhere news flow was less favourable with a disappointing Eurozone PMI of 50.1 and Germany's reading of 49.5 suggesting economic contraction, in part due to reduced exports to Russia. Political turmoil in Greece also added to European malaise with the incumbent New Democracy candidate failing to achieve the required majority in snap presidential elections, in turn triggering a general election scheduled for 25 Jan 2015. Near term, with unemployment close to 28% and the radical left-wing Syriza party leading in the polls (demanding debt relief and reduced austerity/bailout terms), investors are rightfully fearful of a possible Greek Eurozone exit with unknown consequences. Fortunately, despite Greek bond yields jumping sharply and local equities slumping, there is limited evidence of contagion, largely due to expectations that ECB president Mario Draghi will commence QE during the first quarter of 2015. How the elections impact the timing of QE is yet to be seen, but the stage could be set for months of tensions between Greece's newly-elected government and international creditors, including the Troika (ECB, IMF and EC).

Technology Review

The technology sector performed broadly inline with global equities over the month, the Dow Jones World Technology Index falling 1.7% in sterling terms. Heading into year-end, technology newsflow was light but generally supportive with security stocks, such as ProofPoint and PaloAlto Networks, continuing to perform strongly following a high-profile data breach at Sony. Off-quarter earnings reports were supportive with Adobe comfortably exceeding subscriber growth expectations and raising guidance, and RedHat reporting a strong quarter with adjusted billings growth of 13-15% despite tough year-on-year comparisons and FX headwinds. Oracle and Accenture (not held) also reported better-than-expected results – particularly once adjusted for the stronger US dollar – which bodes well for fourth-quarter earnings season and the potential for an enterprise IT 'budget flush'.

With the majority of active managers and hedge funds having underperformed in 2014, risk appetite was always likely to be muted coming into year-end. This was particularly apparent with higher-growth stocks, many of which drifted lower despite no new/negative news – including several of our holdings; Amazon, Arcam, Splunk, Tencent and Twitter. However, Arista Networks' underperformance was more justified following an unexpected IP lawsuit from Cisco that introduces new risks and potential distractions for management, prompting our decision to pare our position for now. The other area where newsflow remained negative was communications equipment, where we have modest direct exposure beyond Cisco and selected semiconductor suppliers; not only does Sprint appear to be triggering a price war in the US, but "net neutrality" debates and political posturing are impacting spending – evident in both AT&T's reduced capital spending budget for 2015 and Finisar (not held) guidance which was impacted by sluggish carrier capex.

Outlook

In hindsight, the valuation 'elastic' between legacy incumbents and secular 'winners' became stretched during Q1'14 – a dynamic that was unwound during the remainder of the year. Fortunately multiples compress quickly when high-growth stocks trade sideways (let alone down) as long as the fundamentals/underlying growth remains intact. As such, with many of these high-growth names trading at levels 15-30% below the start of 2014 (despite delivering growth inline or ahead of expectations) 'secular growth' stocks appear considerably more attractive than they did a year ago. In contrast, excess has clearly not been reined-in in private equity where valuations of companies such as Uber ($40bn), Xiaomi ($40-46bn) and Snapchat ($10bn) have not yet adjusted to the new realities of public markets.

We are therefore entering 2015 feeling constructive on the outlook for the Trust. Not only is the US economy strengthening, but next-generation valuations are less demanding than in early 2014. Importantly, we remain convinced that we have entered a more disruptive phase of the new cycle – where newer cloud-based technologies that for the last three years have co-existed with older technologies are now considered credible alternatives. While our relative performance was impacted in 2014 by the magnitude of PE expansion enjoyed by a number of technology incumbents, this dynamic is likely to prove finite and may even be close to having played-out given that a number of large-caps, such as Hewlett Packard, Symantec, Ebay and even EMC, are breaking up their businesses (or considering it) in order to 'unlock value'. Most of these large global incumbents can only cut costs and drive earnings through financial engineering/tax arbitrage for so long. Governments around the world are starting to crack down on tax avoidance, and the deflationary nature of new technologies is likely to dampen IT budget growth, even against an improving US economic backdrop. In addition, we believe our exposure to higher-growth/often more domestically-orientated companies will return to favour given US relative economic strength and significant FX headwinds this year faced by multinationals.

Although 2015 may prove another challenging year for global growth (beyond the US) we believe that our interests as investors remain firmly aligned with policymakers, a dynamic that has underpinned risk assets post the financial crisis. That said, volatility may become more prevalent this year as investors have to more fully consider the timing (and trajectory) of the US rate tightening cycle.

Fund Manager Comments

As at 31 December 2014

Ultimately we expect policymakers to continue to do 'whatever it takes' to avoid deflation/worse-case outcomes, but the risk of a policy error and/or the emergence of a new systemic threat increases the longer the global economy has to contend with a sub-trend recovery. While developed markets should benefit from further QE (ex. US) and sharply lower energy prices, developing economies will face significant headwinds over the coming year in the form of lower commodity prices and US Dollar strength. However, we remain hopeful that the combination of gradual economic recovery (driven by the US) and modest inflation should provide a supportive backdrop for equities which, although no longer cheap, remain attractive compared to other asset classes.

Recent off-quarter technology earnings reports (Oracle, RedHat, Splunk, Adobe and Accenture) point to a solid fourth-quarter earnings season (good for the sector but perhaps temporarily also aiding some incumbents). That said, we have retained some liquidity as somewhat complacent investor sentiment feels at odds with heightened near-term macro uncertainty (oil prices, high yield spreads, Greek elections) and seasonality (we are just entering fourth-quarter pre-announcement season where newsflow is usually negatively skewed). We expect to move back to a more fully-invested position once these events are behind us; in the meantime, we are likely to use any associated weakness to increase exposure to our preferred holdings.

Ben Rogoff

13 January 2015

Polar Capital Technology Trust Management Team

Ben Rogoff

Director, Technology

Ben has managed the Trust since 2006, he joined Polar Capital in 2003 and has 19 years of industry experience.

Nick Evans - Senior Fund Manager

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Paul Johnson - Junior Analyst

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

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