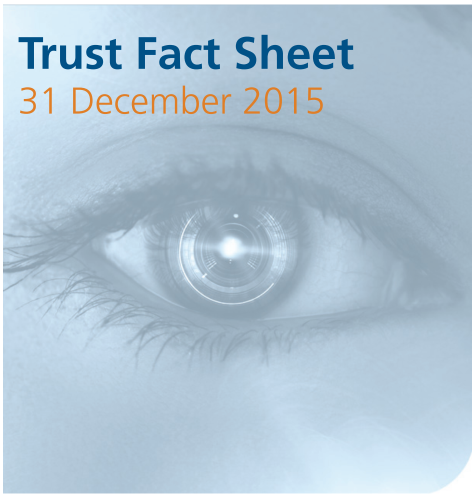
Polar Capital Technology Trust plc

POLAR CAPITAL

Trust Fact Sheet

31 December 2015



Trust Facts

Ordinary Shares

Share Price	627.00p
NAV per share	633.40p
Premium	-
Discount	-1.01%
Capital	132,336,159 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£838.2m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	3.75%

Benchmark

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

Fees [2,3]

Management	1.00%
Performance	15% over Benchmark

FX Rates

GBP/USD	1.4739
GBP/EUR	1.3568
GBP/JPY	177.3028

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.

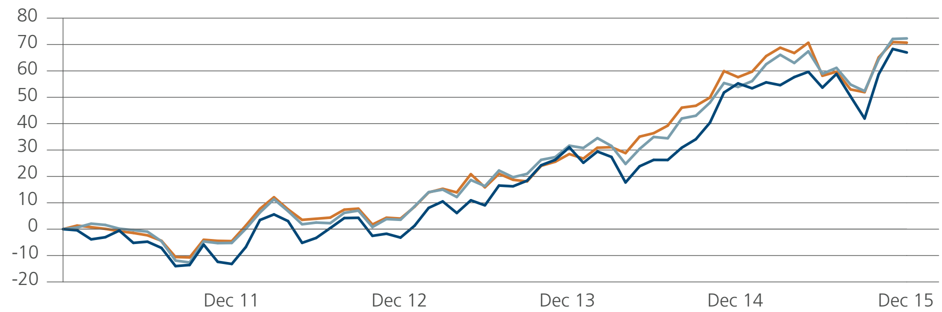
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

Investment Approach

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, 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	-0.79	17.64	8.67	7.55	66.98
NAV per Share	0.11	13.10	8.42	11.95	72.31
Benchmark	-0.12	12.36	7.95	8.31	70.71

Discrete Annual Performance (%)

	30/04/15 31/12/15	30/04/14 30/04/15	30/04/13 30/04/14	30/04/12 30/04/13	28/04/11 30/04/12
Ordinary Share Price	5.91	33.94	10.92	2.97	3.61
NAV per Share	5.71	30.69	11.17	5.01	6.64
Benchmark	2.36	29.46	13.07	5.98	8.12

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, total return, Net of Fees in GBP terms. Past performance is not indicative or a guarantee of future results.

1. Gearing calculations are exclusive of current year Revenue/Loss.
2. Management fee is 1% of net assets up to £800m and 0.85% on assets over £800m.
3. 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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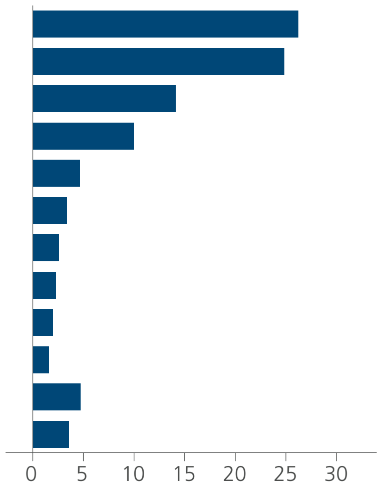
Polar Capital Technology Trust plc

Portfolio Exposure

As at 31 December 2015

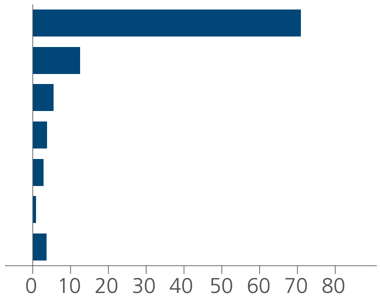
Sector Exposure (%)

Internet Software & Services	26.2
Software	24.8
Semiconductors & Semiconductor Equip.	14.1
Tech. Hardware, Storage & Peripherals	10.0
Internet & Catalog Retail	4.7
Communications Equipment	3.4
IT Services	2.6
Elec. Equip. Instruments & Components	2.3
Healthcare Technology	2.0
Machinery	1.6
Other	4.7
Cash	3.6



Geographic Exposure (%)

US & Canada	71.0
Asia Pac (ex-Japan)	12.5
Europe (ex UK)	5.5
Japan	3.8
UK	2.8
Middle East & Africa	0.9
Cash	3.6



Top 15 Holdings (%)

Alphabet	9.5
Apple	7.8
Microsoft	6.9
Facebook	4.8
Amazon	2.6
Alibaba Group Holding	2.3
Intel	2.0
Salesforce.com	1.7
Splunk	1.7
Tencent	1.6
Cisco Systems	1.5
TSMC	1.3
Red Hat	1.3
Baidu	1.2
Samsung Electronics	1.2
Total	**47.4**

Total Number of Positions 132

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	65.9
Mid Cap ($1bn - $10bn)	27.5
Small Cap (<$1bn)	6.5

Investing in the Trust and Shareholder Information

Market Purchases

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

Share Dealing Services

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

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

Savings Scheme & ISA

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

Corporate Contacts

Registered Office and Website

16 Palace Street, London SW1E 5JD
www.polarcapitaltechnologytrust.co.uk

Custodian

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

Registrar

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

Trust Characteristics

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

Codes

Ordinary Shares

ISIN	GB0004220025
SEDOL	0422002
London Stock Exchange	PCT

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

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

Note: Totals may not sum due to rounding.

Fund Manager Comments

As at 31 December 2015

Market Review

Equity markets were weak in December as 'risk off' mentality spread across the globe, although sterling weakness meant that the FTSE World Index was essentially unchanged during the month in GBP terms. The combination of weaker markets /dollar strength saw global equities gain 4.3% on a total return basis in sterling terms during the year. Energy markets (and in particular oil) also ended a traumatic 2015 on a sour note. OPEC deciding to keep their collective output level unchanged and an unexpected increase in US oil inventories both further added to the negative headwinds facing the oil market. The Brent Oil price declined -17.6% to $37.3 resulting in a total fall of -43.6% in 2015.

The early part of December was unusually eventful with three major central banks deciding upon policy action. The European Central Bank (ECB) was first and it disappointed the market, with Mario Draghi seemingly over-promising ahead of the meeting and under-delivering with the subsequent choice of action. In the US, strong Non-Farm Payrolls (+211k) cleared the perceived final hurdle before the December Federal Reserve (Fed) meeting. With the US economy seemingly on solid ground and the labour market recovering, the Fed duly delivered its first (25bp) interest rate hike since 2006, although accompanied by a dovish statement supporting the notion of a gradual tightening cycle. Meanwhile the Bank of Japan (BoJ) maintained its pace of monetary expansion with some small additional measures, but as in Europe this proved insufficient to excite equity markets. The year ahead, 2016, certainly looks set to mark a turning point, with divergent monetary policy across the Atlantic for the first time since the early 1990's likely to continue to support a strong US Dollar, especially in the face of continued emerging market and commodity price weakness.

Another notable macro event during December was the ongoing devaluation of the Chinese Yuan (RMB) against the US Dollar (a continuation of the trend which started with a policy shift in August 2015). Given the dependence of global growth on both the US and Chinese economies, market participants continue to watch this trend closely. The bears see the weaker currency as a signal that economic growth is slowing more than official GDP statistics suggest, while bulls believe that China's desire to decouple the RMB from the US Dollar at a time when US interest rates are set to diverge from the rest of the developed world is entirely rational (hence explaining their more recent decision to base daily currency fixing on a basket of global currencies rather the USD). Elsewhere, oil/commodity price weakness pushed up high yield credit spreads leading to fears of a knock-on effect into broader investment grade credit markets. A high profile high yield credit fund suspending redemptions further served to remind investors of the liquidity risk present in these debt markets. Fortunately, given our sector has the strongest balance sheets of any (in most cases significant net cash positions) it should remain relatively well insulated against any tightening of credit markets as long as the US economic recovery remains intact.

Technology Review

The technology sector underperformed the broader market during the month, the Dow Jones World Technology Index declining -0.1% in sterling terms. December proved a relatively quiet month in terms of stock specific news flow, with macro events taking precedence. The last of the off-quarter technology results were announced, of which Adobe, Oracle and Red Hat were noteworthy. Adobe ended 2015 with another set of solid results, driven by strong Creative Suite / Cloud subscriptions, meanwhile Oracle delivered a mixed quarter with in-line software licenses but scaling back growth expectations for its Cloud offerings. This was in stark contrast with the rapid growth experienced at cloud-leader Amazon, with AWS achieving a $8.3bn revenue run rate in Q3 '15, growing 81% y/y. The contrast between new cycle 'winners' and 'losers' was certainly supported by Red Hat which produced a strong billings beat, benefiting from increased demand for open source technologies (OS, middleware and OpenStack) for both private and public cloud deployments.

As the festive season ended we have seen the first predictions of consumer spending over this important period. Early indications are that online retailers experienced robust growth over the US Thanksgiving holiday. This bodes well for the retail side of Amazon which also released select holiday season details in early January, including that over 200m more Prime items were shipped this holiday season compared to last year, whilst they also gained 3m new Prime users in the third week of December alone (Prime members tend to spend multiple times more on Amazon.com than non-Prime users). Unfortunately, although we will have to wait a week or two for actual earnings reports and guidance, supply chain data suggests that Apple and Samsung smartphone component orders (for first quarter manufacturing) appear have been reduced significantly in recent weeks, leading both stocks to underperform as analysts adjusted earnings expectations. Apple in particular faces some very challenging year-over-year comparisons that will make growth difficult in 2016, exacerbated by the maturity of the smartphone penetration cycle.

Outlook

The accelerating pace of change certainly makes this an exciting time to be a technology investor, with many newer technologies reaching inflection points (becoming substitutes rather than complements to legacy technologies). In our view, the greatest risk facing technology investors in 2016/17 could be underestimating the scale and disruptive nature of many new technologies, particularly the deflationary impact of public cloud computing. In the words of the General Electric CIO at the Amazon AWS presentation during the October 2015 Re:Invent conference, "cloud computing has gone from the probable to the inevitable". This explains why many larger-cap stocks (that make up a large proportion of traditional market-cap weighted technology benchmarks) look increasingly challenged – something investors should focus on when they view disappointing results from the likes of IBM or defensive M&A activity (such as EMC's recent deal to go private with Dell).

With new technologies experiencing greater adoption (especially public cloud computing), the deflationary headwind facing incumbents is likely to intensify. In contrast, the fundamentals for many next generation companies appear robust, so for those with sensible valuations the prospects look compelling. As fortunes diverge, the challenge remains avoiding the losers and identifying the winners. Fortunately we see lots of interesting opportunities amongst our core themes, most of which now have little to do with traditional "enterprise computing" (or IT budgets) or "smartphones" (where global penetration is essentially saturated) and therefore carry little baggage from the last technology cycle. Our preferred areas include: online advertising, eCommerce, cloud infrastructure, software as a service (SaaS), games software (including virtual reality), mobile payments, online travel, streaming video ('over the top' TV), big data / analytics, cyber security, factory automation, additive manufacturing and the Internet of Things (IoT).

As we have mentioned previously, for much of the last two years many high growth stocks have "grown into their stock prices" through a combination of lacklustre stock price performance and strong growth. More recently valuation multiples appear to have stabilised at reasonable levels (with some private companies and cyber security stocks being potential exceptions), which we hope will allow fundamentals/growth to return as the primary driver of stock price performance. New technologies have actually been gaining traction for many years, but the underlying growth of many associated companies was crowded out by other factors in 2014,

Fund Manager Comments

As at 31 December 2015

with investor focus on the search for yield temporarily aiding larger legacy companies and market capitalisation weighted indices. Fortunately 2015 saw a reversal of these trends, with growth stocks outperforming and we expect this to remain a favourable tailwind through 2016.

In the near term, markets have started 2016 on a particularly nervous note with fears over China's slowing growth and continued RMB devaluation outweighing a reassuring US jobs report (with 292,000 jobs created in December). We certainly share concerns that China's growth may be slower than reported, but we remain sanguine about prospects for the US economy, supported by our own extensive travels to meet with technology companies during the final quarter of 2015. These may indeed be more challenging times for many non-tech and legacy technology companies due to scarcity of revenue growth (in part because of our sector's growing reach and disruption), as well as limited earnings/margin leverage and less scope for valuation multiple expansion (due to rising US interest rates). However, even with a slight softening of global growth expectations, we believe most of our portfolio companies can continue to deliver well above average revenue growth, along with continued margin expansion and supported by strong net cash positions. It is for this reason – rather than a strong macro view – that we have begun to invest some of our remaining liquidity, adding to our preferred stocks most of which remain far from the epicentre of current market concerns. We are also cautiously optimistic that 2016 may see the return of strategic M&A activity after a two-year hiatus.

18 January 2016

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 20 years of industry experience.

Nick Evans - Senior Fund Manager
Fatima Iu - Fund Manager
Xuesong Zhao - Fund Manager
Bradley Reynolds - Investment Analyst
John Gladwyn - Investment Analyst
Paul Johnson - Investment 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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