Polar Capital Technology Trust plc

Half Year Report
for the six months ended 31 October 2013

Polar Capital Technology Trust plc

1 About Your Company

2 Manager's Report and Portfolio Analysis

Objective

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.

THE NEW CYCLE FORGES AHEAD:
Extracting value in the big data era

Please see the current annual report for the article on big data

Photo: Open pit gold mine/Cover Photo: Foundry process

3

Financial Statements

4

Shareholder Information

Financial Summary and Key Data

	(Unaudited) As at 31 October 2013	(Audited) As at 30 April 2013	Movement %
Total net assets	£597,218,000	£528,845,000	12.9
Net assets per ordinary share (undiluted)[1]	464.27p	412.41p	12.6
Ordinary shares in issue	128,635,845	128,231,742	0.3
Price per ordinary share	466.50p	398.50p	17.1
Subscription shares in issue	24,770,357	24,774,460	0.0
Price per subscription share	14.50p	7.88p	84.0

1 There was no diluted NAV per share on the above dates as the subscription share conversion price of 478p was above the NAV of the ordinary shares.

Exchange rates	As at 31 October 2013	As at 30 April 2013
US$ to £	1.6066	1.5564
Japanese Yen to £	157.62	151.61
Euro to £	1.1818	1.1805

	For the six months to 31 October 2013	
Benchmark Change	Local currency %	Sterling adjusted %
Dow Jones World Technology Total Return Index in Sterling adjusted for withholding taxes	12.4	8.9
Other Indices		
FTSE World	–	6.0
FTSE All-share	–	7.7
S&P 500 composite	11.1	7.7

Investment Manager's Report

Market review

The half-year to 31 October 2013 saw equity markets add to their gains as improved risk appetite and PE expansion outweighed downward revisions to global growth, the FTSE World index rising 6.0% in sterling terms. Overall returns were reduced by sterling's strength, the currency gaining 3.2% and 4.0% against the US Dollar and Japanese Yen respectively as the UK economy enjoyed one of the largest positive revisions to growth forecasts during the half-year. Developed markets performed well with European and US equities rising 8.4% and 6.5% in sterling terms respectively while Japan consolidated its first quarter gains, falling 1.6% over the half year. In contrast, emerging markets struggled as sharply higher sovereign rates in the US (ten year US Treasury yields rising from 1.68% to 2.54%) driven by fear of earlier-than-expected tapering (the process of reducing the magnitude of Quantitive Easing "QE") led to tighter monetary conditions, adverse financial fund flows and significant downward growth revisions. Although Asia ex Japan fell a modest 2.3% during the period, there was considerably more pain felt by individual markets such as Brazil (-10.8%) and India (-10.2%).

The potential for earlier than expected tapering of asset purchases dictated market action over the half year, with the interim period commencing on a strong note amid positive economic data and speculation that tapering might occur as early as the autumn. This led to a pronounced rotation from bonds into equities as ten year US Treasury yields rose from 1.68% to 2.16% in May while the S&P 500 closed the month at an all-time high. Despite The Federal Reserve's ("Fed") insistence that timing would remain data dependent, the fear of early tapering saw ten year US Treasury yields rise to C.3% by early September, long before which higher rates and weaker economic trends in China had begun to take their toll on emerging equities, currencies and other QE3 beneficiaries. Developed equity markets made little overall progress during the summer as dovish Federal Reserve commentary that lifted stocks during July, was offset by profit taking in August due to renewed tapering fear following strong US and Eurozone data, together with escalation in the Syrian conflict and the alleged use of chemical weapons. Developed markets recovered their poise once the risk of a decisive response in Syria was ameliorated following PM Cameron's defeat in the House of Commons and President Obama's decision to seek approval first from Congress. Unfortunately, the same could not be said for emerging markets where tighter monetary conditions began to be more keenly felt in India and Brazil while Indonesia was forced to raise interest rates.

Markets rallied sharply during the final months of our half year following the Fed's decision not to commence tapering (as had been widely anticipated) at their September meeting. This surprising development saw equity markets rise sharply in September, although gains were essentially offset by US Dollar weakness, the Dollar losing more than 4% of its value versus sterling and more than 2% on a trade-weighted basis during the month. US sovereign yields also fell sharply following the Fed's (non) tapering decision and their lowering of US growth forecasts due to tighter financial conditions and fiscal uncertainty, a reference to on-going Congressional budget and debt ceiling negotiations. This uncertainty stepped up a gear in October as failure to reach an agreement resulted in a partial US federal government shutdown, raising the (unlikely) spectre of a US default. However, sanity prevailed with agreement reached ahead of the October deadline, policymakers once again 'kicking the can' into 2014. This positive development saw markets rally convincingly into period end, further supported by President Obama's nomination of the dovish Janet Yellen as successor to Ben Bernanke once his term as Fed Chairman expires in January.

Technology review

Technology shares recaptured some lost ground during the half year as rising bond yields drove a rotation away from defensives while Apple rebounded from lows, the Dow Jones World Technology index rising 8.9% in sterling terms. Although some of the sector's outperformance was 'passive' (reflecting the outperformance of developed markets) the second-quarter earnings season proved less tricky than feared. However, weaker reports and/or guidance from incumbents including Cisco, IBM and Oracle were supportive of our view that the new cycle had become more pernicious.

Investment Manager's Report

continued

Networking stocks were among the strongest performers in Q2, driven by better than expected capex announcements at AT&T (although these gains were largely reversed during the following quarter as carrier spending waned). There was better news too in the besieged PC market where year over year unit declines abated to 'just' -8% by Q3, an improvement from the first quarter nadir of -14%, which benefited a number of PC-related stocks including Hewlett Packard, Intel and Microsoft. In addition, Microsoft was boosted by the unexpected news that CEO Steve Ballmer would retire within a year, leading to speculation of more aggressive cash return. However, this enthusiasm waned somewhat following the company's $7.3bn acquisition of Nokia's handset business, a defensive move in our view.

The acquisition of Nokia's handset business was one of a number of significant smartphone-related developments that took place during the half year. As we had previously cautioned, elevated smartphone penetration (estimated to have reached 55% as at the end of the third-quarter) began to manifest itself in the form of slower unit growth and weaker pricing. This dynamic caught up with a number of stocks that had hitherto avoided the smartphone-related downdraft including Samsung (disappointing demand for its flagship Galaxy 4S) and key suppliers ARM and Qualcomm. However, their fortunes were all vastly superior to most of the smartphone supply chain that had to contend with inventory adjustments (ahead of the new iPhone release) and adverse pricing. Second tier handset makers were among the hardest hit, with both HTC and Blackberry looking increasingly marginal, the latter putting itself up for sale only for that process to collapse. However, Apple managed to navigate well through the morass as iPhone sales held up in Q2 while third-quarter guidance implied gross margin stabilisation. The stock received a further boost in August ahead of its iPhone refresh as activist investor Carl Icahn revealed he had taken a position. Although there was some initial disappointment at the pricing of the new low-end phone (the '5c') resulting in significantly reduced unit forecasts, Apple's share price recovered once strong opening weekend sales and third-quarter earnings were announced.

While smartphone plays (ex. Apple) were among the poorest performers, increasing mobile usage drove Internet stocks, with stellar second-quarter numbers from Facebook (mobile advertising increasing 76% sequentially) and LinkedIn (mobile page views rising 69% over the same period) propelling social media stocks. Search companies Google and Yahoo also performed well, the latter driven by the strong performance (and hopes of an impending IPO) of Alibaba, China's largest ecommerce company in which Yahoo holds a significant stake. The Facebook renaissance, together with prospects of an Alibaba IPO resulted in a subsector re-rating that materially contributed to returns. While the third quarter earnings season was once again mixed (US Federal budget uncertainty and China weakness acting as headwinds) most of our next-generation stocks posted results ahead of expectations in contrast to a number of incumbent vendors who stumbled, including EMC, IBM and (post period end) Cisco. In addition to this divergence of fortunes, our new cycle thesis was also buttressed by a strong IPO market, which saw some exciting debuts (albeit often at valuations that substantially captured future upside) while the Cloud continued to gain momentum following Adobe's decision to shift entirely to a software-as-a-service (SaaS) model and Amazon.com being awarded a $600m cloud infrastructure deal by the CIA, beating out IBM for the contract. M&A activity also appeared to confirm our thesis as two of our next-generation holdings were acquired, while Applied Materials' $29bn merger with Tokyo Electron looked the most promising transaction, the US semiconductor equipment vendor scooping up its Japanese rival for a modest 5% premium.

Portfolio performance

Our relative performance came in ahead of our benchmark, with the net asset value per share rising 12.6% during the half year versus an 8.9% increase for the sterling adjusted benchmark. The most significant positive contributor to performance over the period was generated by our overweight Internet exposure/strong individual performances from the likes of Amazon.com, Facebook, TripAdvisor and Yelp. Small-cap outperformance was also a key contributor as they outperformed their larger peers by more than 10%, as measured by the Russell 2000 and 1000 technology indices respectively. Our research team has unearthed some promising new holdings in Japan which has also assisted our performance. Our significant underweight position in IBM also added materially to relative performance, as did M&A activity that saw two of our positions – ExactTarget and Sourcefire – acquired during the period at healthy premiums. In terms of negatives, relative under-performance was generated by our decision to retain some liquidity, a zero weighting in Nokia and an underweight position in Apple (which outperformed during the period).

Market outlook

Six years post the collapse of Lehman Brothers and after trillions of dollars of intervention, the global economic recovery remains fragile with growth expectations for 2013 having drifted by C.0.3–0.4% since the end of April. While sub-trend growth is the norm during periods of fiscal consolidation and deleveraging, weaker trends have recently emanated not from advanced economies but from developing ones where a reversal in capital flows has resulted in an appreciable tightening of financial conditions and slower growth. Although EM growth has already decelerated by 3% from 2010 levels we do not anticipate a significant near-term improvement (beyond some additional post FOMC 'glow)' as tapering is likely to become a reality in 2014 while (to us) China's lower growth trajectory (7%+) appears permanent, its new leadership focusing on 'sustainable growth' and structural reform, a view seemingly shared by commodity markets that (adjusted for the weaker US Dollar) are trading at two year lows. Slower China growth (with the risk of further downward reset to expectations at the annual parliament in March) is likely to reverberate across the rest of Asia while limiting growth in India and Brazil to less than 4% and 3% respectively this year.

In contrast, advanced economies have continued to 'muddle through' in line with expectations with upward revisions to growth in the UK (+0.7%) and Japan (+0.4%) helping to offset lower US growth forecasts. However, excluding the impact of fiscal tightening (estimated to be a 2.5% headwind to growth in 2013), the US economy is performing well, aided by improving labour and housing markets although higher longer-term rates and political uncertainty appears to have slowed progress more recently. Europe has also proved resilient with business confidence recovering in the core and stabilising in the periphery. All things being equal, growth should reaccelerate in both the US and Europe next year as the impact of fiscal tightening diminishes from 2.5%/1% of GDP respectively this year to just 0.75%/0.5% in 2014. Japan also appears in relatively good shape, despite current concerns over reforms and the impact of sales taxes, which we suspect will be overwhelmed by intervention (that has already boosted GDP by C.1% this year) necessary to satisfy the Bank of Japan's 2% inflation target.

Given that global growth is likely to remain in "low gear" and with inflation remaining benign in the developed world (due to significant output gaps, slack labour markets and lower commodity prices) the remarkable alignment of interest between policymakers and investors that has formed the basis of our constructive view on equity markets looks likely to persist. This confluence of interests should continue to take the form of extraordinarily accommodative monetary policy (regardless of when tapering officially commences) with the first US rate hike not anticipated before 2016. Furthermore, we expect policymakers to remain alert to potential setbacks given their sensitivity to downside risk and/or deflation, which should all but guarantee that worst case outcomes will continue to be avoided. It is even possible that to offset the negative impact of tapering, the Fed may reduce the unemployment threshold to 6% further pushing out the prospect of rate rises even in a strengthening economy. This unusual investment backdrop (where one of the tools used by policymakers to battle deflationary tendencies appears to be increasing household wealth via higher asset prices) has not been lost on investors who have begun to rotate more materially from bonds and cash into stocks. As a result, equity valuations have expanded modestly post our year-end with the S&P 500 now trading at 16.2x estimated forward earnings as compared to 14.6x in April.

Although we understand why investors are normally reticent to publicly embrace higher valuations we believe that PE expansion should be both anticipated and welcomed by investors early to a secular bull market.

Investment Manager's Report

continued

So far, the re-rating process looks measured with the median S&P 500 stock trading at a 20% premium to the fifty year average (20.3x and 16.7x forward earnings respectively), not unreasonable given the unusual investment backdrop and the fact that longer-term valuation measures are adulterated by the high inflation experiences of the 1970s and early 1980s. More importantly, equities remain attractively valued compared to most alternatives, particularly so versus cash where negative real returns appear all but guaranteed. As such, we anticipate positive flows to continue which should help sustain the recent upward drift in equity valuations. However, with markets at/above our 2013 targets and with a number of our indicators pointing to less favourable near term risk-reward, we have retained a little more liquidity than usual (C.5%) which we will look to invest should the market weaken or if the recent adverse rotation (from small cap/growth to large cap/value) continues.

Risk Factors

As well as the risks outlined above, there are a number of additional risks that investors should consider. These include political uncertainty in the US associated with unresolved budget/debt ceiling negotiations and slowing emerging market growth due to tighter financial conditions and adverse money flows that are already hindering progress in Brazil and India. A so-called 'hard landing' in China also represents a significant risk although this likely remains a 'tail outcome' given that modest inflation should continue to provide the Chinese leadership with significant monetary and fiscal firepower. As in previous years, geopolitical risk remains the most significant exogenous factor to consider, particularly in the Middle East following the so-called 'Arab Spring'. Although there are likely to be further 'flare-ups' in both Egypt and Syria, negotiations with Iran over their nuclear efforts are likely to retake centre stage given the growing risk of an Israeli pre-emptive strike.

Technology Outlook

Although headline valuations have expanded in line with the broader market, the technology sector continues to look attractive. Trading today at just C.1.0x the market multiple (a level rarely breached to the downside), the sector remains well supported by its pristine aggregate balance sheet that we estimate represents C.10% of its current market capitalisation (although it is worth remembering a significant portion of this cash is held offshore and would be subject to a 'haircut' in the absence of a repatriation window). Faced with slowing growth, companies have also embarked on a more shareholder friendly course by committing to return more of their excess cash. This should help support valuations by attracting new generalist buyers who may already be drawn to a sector that has little to fear from a QE3 'unwind' (given its limited EM exposure and net cash position) and one that has empirically fared well during periods of rate tightening. This relationship between higher interest rates and technology outperformance reflects the sector's disproportionate exposure to corporate capital spending, which – over time – has tended to track business confidence. The remarkable amount of uncertainty (Eurozone travails, US budget/debt ceiling negotiations, new Chinese leadership, EM slowdown) that companies have had to consider must have contributed to depressed levels of spending. As such, it does not seem unreasonable that – as this uncertainty lifts – so too will overall technology spending.

Unfortunately, we think it unlikely that companies will feel confident enough to materially increase their capital spending plans given the fragility of the global economic recovery. In China – where spending has been surprisingly weak during the third-quarter – we do not know if this is a 'one-off' relating to the leadership transition (and exacerbated by a soft economy) or if it will prove more permanent, reflecting anti-US sentiment following curbs on Chinese vendors in the US and the NSA/Snowden revelations. Likewise, the 'uncertainty' that has held back spending in the US and Europe is unlikely to abate given the painful political decisions that will still need to be taken (delivering austerity) and the structural imbalances that remain largely unresolved. As such current forecasts for IT budget growth of 2.8% this year and 4% next (in constant currency) appear realistic, rather than conservative. Furthermore we continue to believe that any capex recovery is likely to prove muted due to the deflationary impact of the new technology cycle that we believe is already contributing to lacklustre overall IT spending trends.

As we have previously articulated, muted budget growth is entirely at odds with IT demands that are increasing inexorably. This challenge is forcing IT buyers to reallocate budgets in favour of cheaper, disruptive alternatives, which is driving a bifurcation in corporate fortunes. As is the norm, these new technologies begin as complements but quickly become substitutes once they are perceived as 'good enough'. This process appears to have gathered pace over the half year with the Cloud rapidly becoming the defacto place to store and compute anything but the most mission critical or sensitive workloads. Likewise, smartphones and tablets that began as ancillary ways to access the Internet are quickly overtaking the PC as primary computing platforms, with non PC devices forecast to account for more than 50% of computing devices in the field by 2014. As workloads continue to shift away from the enterprise and the PC towards the Cloud and mobile devices, so a reallocation of sector profits will naturally occur, a process accelerated by the emergence of new tools and competitors with much to gain (and little to lose) from a new cycle.

The idea that the new cycle has entered a more pernicious phase was well supported by Q2 and Q3 earnings seasons that witnessed a number of well-run incumbents stumble badly (Accenture, Cisco, EMC, IBM and Oracle) with 'macroeconomic uncertainty' or 'execution issues' apparently to blame. In contrast, most next-generation vendors have continued to deliver ahead of expectations not withstanding the trickier economic backdrop. This apparent contradiction is not entirely unusual at new cycle inflection points when incumbents blame their travails on something within their control (sales execution) or beyond it (economy, uncertainty) but seldom acknowledge the impact of new, low cost alternatives. Instead companies begin what we categorise as a 'dishonest dialogue' with analysts and investors being unaware or unable to discuss the impact of new cycle deflation while at the same time accelerating their M&A efforts as they attempt to reinvent themselves with ever greater urgency. It is this dynamic that explains why M&A premiums remain at very healthy levels while a number of legacy large-caps appear as cheap as they do.

In contrast, next generation technology valuations have continued to expand reflecting improved fundamentals, M&A premiums, and a growth scarcity within the sector. While there have been a number of high profile recent IPOs at valuations that appear to capture much of the future upside, we still believe our portfolio remains attractively valued. In part, this is because we have stuck to our valuation discipline recently exiting a number of stocks such as Concur, Netsuite and Yelp where growth remains enviable, but stock prices had exceeded our targets. We also continue to avoid a number of high profile stocks such as Fireeye, Tesla, Veeva and Workday where we struggle with valuations even though we are attracted to their exceptional growth profiles. However, the existence of a number of highly rated stocks is far from conclusive evidence of "another technology bubble" as some have recently argued. After all, high growth disruptive technology companies addressing large market opportunities rarely trade cheaply, particularly while they are investing for growth. As such we have always believed it appropriate to have a portion of the portfolio invested in genuinely disruptive stocks where we believe earnings estimates and/or addressable markets are likely to prove vastly conservative. Stocks that we currently own that epitomize this idea include Facebook, LinkedIn, Splunk and TripAdvisor – companies that in our view have the greatest probability of becoming significant index constituents of the future.

The idea that the new cycle was likely to become more pernicious drove our decision to move the portfolio further from its underlying benchmark. Previously we might have demonstrated this by charting our small-cap exposure but this is no longer a useful guide given that many of favourite next-generation names are large or even mega-caps. Instead it is better to consider how much of our portfolio is 'explainable' by the benchmark, a measure that would have been north of 70% some years ago but today is C.50%. While we anticipate moving yet further away from the benchmark, the timing/pace will depend on the fundamental performance of our remaining legacy holdings, and the valuation of next-generation assets.

Investment Manager's Report

continued

In terms of key themes, we continue to emphasize both 'Internet infrastructure' and 'broadband applications' within the portfolio, while we have redefined our third long-standing theme, 'mobile data' away from carrier capex and devices (particularly now that smartphone penetration has reached 55%) in favour of companies with disproportionate exposure to emerging market unit growth, 4G/LTE content, mobile payments or the shift towards 64bit processors.

Apple remains a genuine 'special situation', not least because it is simultaneously our largest holding at the date of this report and our second largest underweight position. Although we believe that Apple's best years of growth are behind it, the company appears to understand the pitfalls involved with chasing incremental growth, evidenced by the higher than expected price point of its 'low-end' handset. As such, Apple may yet defy the so-called 'innovator's dilemma' as it manages itself along the lines of other mass affluent brands such as Audi (cars) or Coach (handbags), a view well supported by the recent hire of the Burberry CEO. With C.1/3 of its current market cap in cash, and with downside scenarios based on deteriorating smartphone pricing looking less likely, we see more attractive risk-reward for Apple going forwards. In addition to our three core themes, there are a slew of additional themes that are represented within the portfolio including 'big data' (the focus of our most recent thought piece), security, 3D printing, and the Internet of Things (IoT), to name a few.

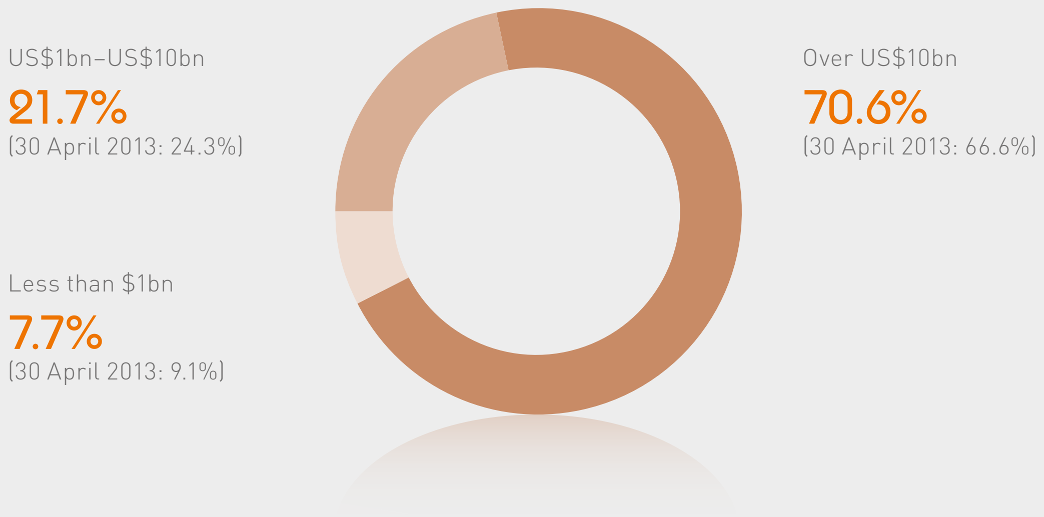
With stocks at or close to highs and with investor sentiment and implied volatility measures at somewhat extended levels, markets may pause to consolidate their recent gains, particularly given that the US debt ceiling and budget decisions remain unresolved. We are also cognizant that the mean reversion trade – which has dragged on small caps and our relative performance during October and November – may continue to play out, particularly if markets drift lower. However, based on previous periods of small-cap underperformance, the current bout of profit taking may already be C.50% complete. Should investors continue to lock in gains ahead of the calendar year end, this is likely to provide an attractive re-entry point for our 'new cycle' thesis because although share prices may mean revert near-term, company fundamentals are likely to continue to diverge.

Ben Rogoff

9 December 2013

Portfolio review

Market Capitalisation of Underlying Investments
as at 31 October 2013



Portfolio review continued

*Classification of Investments
as at 31 October 2013

	North America %	Europe %	Asia & Pacific %	Total: Total 31 October 2013 %	Total: Total 30 April 2013 %
Semiconductors & Equipment	10.7	2.7	7.9	21.3	22.1
Internet Software & Services	14.8	0.5	3.6	18.9	14.9
Software	14.6	2.0	1.9	18.5	21.6
Computer & Peripherals	8.9	1.4	0.2	10.5	10.9
Communications Equipment	7.3	1.2	0.5	9.0	10.1
Electronic Equipment	1.8	0.3	2.5	4.6	3.6
Internet & Catalog Retail	3.6	–	0.3	3.9	2.2
IT Services	3.2	0.3	–	3.5	5.1
Health Care Technology	1.3	–	–	1.3	0.7
Machinery	–	0.4	0.5	0.9	0.6
Other	–	0.8	–	0.8	1.0
Chemicals	0.4	–	0.4	0.8	2.0
Media	–	–	0.6	0.6	–
Household Durables	0.6	–	–	0.6	0.4
Commercial Services & Supplies	0.3	–	–	0.3	0.5
Life Sciences Tools & Services	0.1	–	–	0.1	–
Health Care Equipment & Supplies	–	–	–	–	0.5
Aerospace & Defense	–	–	–	–	0.2
Total investments	67.6	9.6	18.4	95.6	96.4
Other net assets (excluding loans)	3.1	0.4	5.0	8.5	7.3
Loans	(1.3)	–	(2.8)	(4.1)	(3.7)
Grand total (net assets of £597,218,000)	69.4	10.0	20.6	100.0	–
At 30 April 2013 (net assets of £528,845,000)	71.0	10.4	18.6	–	100.0

*Classifications derived from benchmark index

Portfolio review Equity Investments at 31 October 2013
/ North America

	Value of holding		% of net assets	
	31 October 2013 £'000	30 April 2013 £'000	31 October 2013	30 April 2013
Google	43,267	38,476	7.2	7.3
Google is the dominant provider of Internet search and online advertising, web applications and tools. The company operates a leading index of web sites and media content and offers an auction based advertising platform. By helping content owners to find customers efficiently online, Google remains a critical element in the growth of Internet advertising and e-commerce. Google's Android (mobile OS) combined with Chrome (browser) and Google maps (local search) have enabled it to maintain its market leadership during the mobile Internet transition.				
Apple	41,976	34,726	7.0	6.6
Apple is a leading supplier of personal computers and digital media products that feature the company's proprietary OS X operating system. The company has become somewhat synonymous with the explosion in digital media as evidenced by market share gains in its core business and the spectacular success of its iTunes, iPhone and iPad offerings. Apple dominates the high end of the smartphone and tablet markets with a 'luxury brand' status and remains a disruptive innovative force despite its scale and relative maturity.				
Facebook	18,276	8,729	3.1	1.7
With close to 1.2bn active monthly users, Facebook is the world's dominant social networking company. Since its poorly handled IPO the company has moved to address the main concerns around engagement on the site and the ability to monetise users that have migrated to the Facebook Mobile app. Results more recently have shown engagement continuing to track higher with measured progress in attracting advertisers as it demonstrates the advantages of social advertising.				
Cisco	15,234	11,901	2.6	2.3
Cisco Systems is a pre eminent provider of Internet protocol (IP) – based equipment that is used to carry data, voice and video traffic. In addition to its core router and switch offerings, the company also produces IP telephony products, set-top boxes and videoconferencing systems. Although the company should benefit from data traffic growth, this dynamic is being offset by intensifying competition in its core (switching) market and recent weakness in emerging economies.				
Amazon.com	14,410	8,738	2.4	1.7
Amazon is a dominant eCommerce provider having expanded significantly since its early days as an online book, music and video vendor. Today the company has added a significant number of product categories and sells its own hardware (Kindle-branded e-readers and tablets) and has its own online video service, Lovefilm. Furthermore, Amazon owns the world's pre-eminent public cloud (Amazon Web Services) which promises to lower drastically the cost of computing.				
Microsoft	13,523	18,975	2.3	3.6
Microsoft is the largest software company in the world. Founded in 1975, the company has built a dominant franchise in desktop software through its ubiquitous Windows operating system and Office productivity software. While the company is unlikely to be a net beneficiary from the transition towards cloud computing it is making some progress with Azure and Office 365 and an ageing PC installed base and end of support for Windows XP should provide an additional tailwind.				
Qualcomm	12,074	13,373	2.0	2.5
Qualcomm is the world leader in wireless code division multiple access (CDMA) technologies that make up part of the 3G mobile communications network. The company has a dominant position in CDMA and a leading position in Long Term Evolution (LTE) technology being widely deployed for 4G networks globally. In addition to licensing its IP to the world's leading handset and infrastructure providers, the company also sells chipsets via its QCT division.				
Oracle	9,772	7,882	1.6	1.5
Oracle is the leading vendor of relational database management systems (RDBMS) and is the world's second largest software company, with offerings that span database, middleware and a broad range of applications such as ERP, CRM and SCM. Post its acquisition of Sun Microsystems, the company has begun to introduce vertically integrated systems such as its Exa-series products that combine Oracle software and Sun hardware.				
Salesforce.com	9,503	9,490	1.6	1.8
A leading provider of customer relationship management (CRM) software, Salesforce.com is a standard bearer for a new software delivery model commonly known as 'software as a service' (SAAS). By eliminating many of the upfront and ancillary costs associated with the prevailing licence model, the ability to deliver software 'on demand' is helping Salesforce.com expand the applicability of its core products.				

Portfolio review Equity Investments at 31 October 2013
/ North America continued

	Value of holding 31 October 2013 £'000	Value of holding 30 April 2013 £'000	% of net assets 31 October 2013	% of net assets 30 April 2013
Intel	9,077	9,384	1.5	1.8
Intel is the world's largest supplier of semiconductor chips. The company designs and manufactures microprocessors, boards and semiconductor components that are used in computers, servers, as well as networking and communication products. As the world's largest supplier of microprocessors, Intel enjoys a worldwide market share of more than 75%. Intel is now looking to expand its addressable market into mobile computing (tablets & smartphones) bringing it into more direct competition with ARM based alternatives.				
Texas Instruments	7,858	8,917	1.3	1.7
An early pioneer in the field of semiconductors, TI is today a leading provider of both digital signal processors and analogue/mixed signal chips. The 2011 acquisition of National Semiconductor with its 300mm fabs solidified TI's scale advantages in the industry. The exit from its loss making business, OMAP, should afford the company a greater focus on its core analogue business.				
Yahoo	7,000	–	1.2	–
Yahoo is a global Internet media company that offers communications, content and a community platform that delivers consumer experiences and advertising solutions across digital screens. Under the stewardship of new CEO Marissa Mayer, Yahoo is undergoing a major restructuring with most products benefitting from a significant redesign with an increasing focus on mobile applications. The real value in Yahoo, however, lies in its stakes in Yahoo Japan and more importantly Alibaba, the dominant ecommerce platform in Asia which may be spun out (via an IPO) in the future.				
Micron Technology	6,867	2,299	1.2	0.4
Micron Technology through its subsidiaries, manufactures and markets dynamic random access memory chips (DRAMs), very fast static random access memory chips (SRAMs), Flash Memory (NAND and NOR) and other semiconductor components. As a result of its acquisition of Elpida and Rexchip the company has strengthened both its leadership position in the DRAM and NAND and is helping to consolidate the industry.				
Applied Materials	6,837	–	1.1	–
Applied Materials is a global leader in the semiconductor wafer fabrication equipment, flat panel display and solar photovoltaic industries. The company spends circa $1bn pa on research and development and is expected to benefit from the rising capital intensity associated with semiconductor manufacturing below 20nm. In September 2013 Applied Materials announced it was merging with its Japanese rival, Tokyo Electron.				
Adobe Systems	6,758	6,940	1.1	1.3
Adobe Systems develops, markets and supports computer software products and technologies focused on creative professionals. Content built and optimised using Adobe products is everywhere you look. The company's focus is on Digital Media and Digital Marketing solutions. Adobe offers a line of application software products, type products and content for creating, distributing and managing information. Its flagship Adobe Creative Suite product is now only available on a subscription basis.				
Corning	6,688	6,261	1.1	1.2
One of the principal manufacturers of speciality glass and ceramics as well as other components for the consumer electronic, telecommunications, automotive and life sciences verticals. Results have largely been driven by growth in the speciality materials segment with strong demand for Gorilla Glass, the company's superstar cover glass product, which is used in netbooks, mobile phones and TV's.				
Lam Research	6,234	3,507	1.0	0.7
Lam Research is a major supplier of semiconductor wafer fabrication equipment. The company's products are used to deposit special films on a silicon wafer and etch away portions of various films to create a circuit design. Lam sells its market leading high throughput plasma etch products worldwide and in 2008 expanded its product line up to include single wafer clean systems. With the acquisition of Novellus in 2012 the company added thin film deposition and wafer surface preparation technologies.				
VMware	5,965	2,283	1.0	0.4
VMware is today synonymous with cloud computing as the dominant provider of software used by enterprises to virtualise computing and/or create private clouds. Having largely penetrated its core market, VMware has continued to broaden its product portfolio via internal R&D and a number of high profile acquisitions including the $1bn acquisition of Nicira, which enjoys a leadership position in software defined networking.				

		Value of holding		% of net assets	
		31 October 2013 £'000	30 April 2013 £'000	31 October 2013	30 April 2013
iShares Nasdaq Biotechnology		5,688	–	1.0	–

iShares Nasdaq Biotechnology ETF is an exchange-traded fund incorporated in the USA. The Fund's objective seeks investment results that correspond to the performance of the Nasdaq Biotechnology Index. The Fund will concentrate its investments in companies primarily engaged in using biomedical research for the discovery or development of new treatments or cures for human disease. In our view, biotechnology appears to be one of the key beneficiaries of the application of 'big data'.

MasterCard		5,674	4,379	1.0	0.8

MasterCard is a leading global payment network solutions company that provides a variety of services in support of the credit, debit and related payment programs of financial institutions. The company is a driving force in making electronic commerce faster and more secure and is benefitting due to the shift from cash to electronic payments in emerging economies as well as the rise of mobile applications based payments solutions.

SanDisk	Computer & Peripherals	4,792	3,435	0.8	0.6
Splunk	Software	4,641	2,733	0.8	0.5
TripAdvisor	Internet & Catalog Retail	4,569	2,865	0.8	0.5
Akamai Technologies	Internet Software & Services	4,447	2,672	0.8	0.5
Xilinx	Semiconductors & Equipment	4,240	–	0.7	–
Servicenow	Software	4,098	–	0.7	–
Infoblox	Software	4,041	3,768	0.7	0.7
Aruba Networks	Communications Equipment	3,854	3,410	0.7	0.6
LinkedIn	Internet Software & Services	3,851	5,021	0.6	0.9
Stratasys	Computer & Peripherals	3,731	2,801	0.6	0.5
Synopsys	Software	3,629	4,466	0.6	0.8
Tibco Software	Software	3,543	–	0.6	–
Harman International	Auto Parts	3,540	2,314	0.6	0.4
Analog Devices	Semiconductors & Equipment	3,529	4,451	0.6	0.8
Netscout Systems	Software	3,472	1,793	0.6	0.3
Integrated Device Technology	Semiconductors & Equipment	3,378	2,868	0.6	0.5
Global Payments	IT Services	3,262	–	0.6	–
Mercadolibre	Internet Software & Services	3,245	–	0.5	–
Visa	IT Services	3,196	–	0.5	–
Cree	Semiconductors & Equipment	3,177	3,147	0.5	0.6
Infinera	Communications Equipment	3,152	–	0.5	–
Fidelity National	IT Services	2,989	–	0.5	–
eBay	Internet Software & Services	2,965	5,351	0.5	1.0
Activision Blizzard	Software	2,935	–	0.5	–
Synaptics	Semiconductors & Equipment	2,893	–	0.5	–
Intuit	Software	2,890	2,759	0.5	0.5
Monsanto	Agricultural Biotech	2,621	3,171	0.4	0.6
PROS Holdings	Software	2,565	1,690	0.4	0.3
KLA-Tencor	Semiconductors & Equipment	2,438	4,145	0.4	0.8

Portfolio review Equity Investments at 31 October 2013
/ North America continued

		Value of holding		% of net assets	
		31 October 2013 £'000	30 April 2013 £'000	31 October 2013	30 April 2013
FEI	Electronic Equipment	2,396	2,016	0.4	0.4
Imperva	Software	2,389	2,773	0.4	0.5
Priceline.com	Internet & Catalog Retail	2,296	–	0.4	0.0
Cognizant Technology	IT Services	2,268	4,525	0.4	0.9
PLX Technology	Semiconductors & Equipment	2,259	–	0.4	–
Costar	Internet Software & Services	2,203	–	0.4	–
Citrix Systems	Software	2,120	3,891	0.4	0.7
Palo Alto Networks	Communications Equipment	2,101	2,449	0.4	0.5
NetApp	Computer & Peripherals	2,053	2,970	0.3	0.6
Juniper Networks	Communications Equipment	2,043	2,965	0.3	0.6
Responsys	Internet Software & Services	2,002	–	0.3	–
Sunedison	Semiconductors & Equipment	1,944	–	0.3	–
Invensense	Electronic Equipment	1,869	–	0.3	–
Cerner	Health Care Technology	1,802	2,198	0.3	0.4
JDS Uniphase	Communications Equipment	1,746	3,571	0.3	0.7
Tableau Software	Software	1,722	–	0.3	–
Enernoc	Commercial Services & Supplies	1,562	2,506	0.3	0.5
Ixia	Communications Equipment	1,517	2,533	0.3	0.5
Lattice Semiconductor	Semiconductors & Equipment	1,439	2,503	0.2	0.5
Proofpoint	Software	1,388	2,520	0.2	0.5
EMC	Computer & Peripherals	1,365	3,316	0.2	0.6
Sciquest	Internet Software & Services	1,337	610	0.2	0.1
Calamp	Communications Equipment	1,329	–	0.2	–
Cavium	Semiconductors & Equipment	1,292	2,130	0.2	0.4
Sapient	IT Services	1,253	1,500	0.2	0.3
Callidus Software	Software	1,015	–	0.2	–
Illumina	Life Sciences Tools & Services	872	–	0.1	–
QLIK Technologies	Software	635	3,795	0.1	0.7
Ultratech	Semiconductors & Equipment	633	2,252	0.1	0.4
Exar	Semiconductors & Equipment	608	2,200	0.1	0.4
Numerex	Communications Equipment	76	–	–	–
Cermetek Microelectronics	Other	–	–	–	–
Total North American investments		403,898		67.6	

Portfolio review Equity Investments at 31 October 2013
/ Europe

		Value of holding		% of net assets	
		31 October 2013 £'000	30 April 2013 £'000	31 October 2013	30 April 2013
SAP		9,247	10,380	1.5	2.0

SAP is a leading provider of Enterprise Resource Planning (ERP) software that is entrenched in most large companies today. The company has been leveraging its strengths in its core business and investing in emerging technologies both via acquisitions and internal R&D efforts. New products that target mobile, Software-as-a-Service (SaaS) and large datasets (known as 'Big Data') are expected to become more important drivers of growth going forward.

Seagate Technology		7,897	5,099	1.3	1.0

Seagate is one of two dominant players (alongside Western Digital) in hard disc drives and storage solutions. The firm has exposure to both the consumer market, offering personal storage for videos, music and documents, as well as the enterprise market, providing the servers which make up the backbone of enterprise data centres and cloud based computing. Despite a tough end market (PCs), the pricing environment is much improved due to the industry consolidation.

ASML		7,114	4,821	1.2	0.9

ASML is the world's leading provider of lithography systems to the semiconductor industry, manufacturing critical tools for production of integrated circuits. In 2012 ASML acquired US light source manufacturer Cymer with the aim of accelerating development of Extreme Ultraviolet (EUV) technology. Intel, TSMC and Samsung aquired an aggregate 23 percent minority stake in ASML highlighting the critical nature of its tools.

ARM		5,970	6,330	1.0	1.2

ARM is the global leader in semiconductor IP focused on delivering performance with very low power consumption. ARM licenses its technology to a network of partners (mainly leading semiconductor manufacturers and OEM's) who maufacture semicondoctors 'chips' for electronic devices. ARM's largest end market is today the mobile communications market (handsets, smartphones and tablets) which it dominates with 90%+ market share.

Ericsson	Communications Equipment	5,125	5,926	0.9	1.1
Impax Environmental Markets	Other	4,438	4,674	0.7	0.9
Blinkx	Internet Software & Services	2,726	1,801	0.5	0.3
Arcam	Machinery	2,224	–	0.4	–
Monitise	Software	1,902	–	0.3	–
Ingenico	Electronic Equipment	1,861	1,731	0.3	0.3
Infineon Technologies	Semiconductors & Equipment	1,597	1,104	0.3	0.2
Telit Communications	Communications Equipment	1,595	819	0.3	0.2
Amadeus IT	IT Services	1,515	–	0.3	–
ASM International	Semiconductors & Equipment	1,501	1,570	0.2	0.3
Fleetmatics	Software	1,482	–	0.2	–
Xyratex	Computer & Peripherals	712	–	0.1	–
Herald Ventures LP II	Other	306	270	0.1	0.1
Herald Ventures LP	Other	281	378	–	0.1
Low Carbon Accelerator	Other	15	31	–	–
Total European investments		57,508		9.6	

Portfolio review Equity Investments at 31 October 2013
/ Asia & Pacific

		Value of holding		% of net assets	
		31 October 2013 £'000	30 April 2013 £'000	31 October 2013	30 April 2013
Samsung Electronics		15,377	17,742	2.6	3.4
Samsung manufactures a very wide array of products ranging from components to finished products for both consumer electronics and industrial end markets. The company is particularly renowned for its high global market share in the fields of memory semiconductors (NAND/DRAM), LCD displays, and mobile smartphones/tablets. Samsung, alongside Apple has grown to dominate the smartphone industry but has the advantage of a more vertically integrated supply chain.					
Taiwan Semiconductor		9,323	9,861	1.6	1.9
TSMC is the world's largest semiconductor foundry, providing a full range of services from design to product delivery. The company has dominated the leading-edge of the technology road-map for many years, as smaller rivals struggled to resource adequately their product offerings. More recently, the competitive environment has intensified with Apple moving some business to TSMC (from Samsung) but with both Intel and Samsung now more open to manufacturing for others at the leading edge, as scale becomes increasingly important.					
Tencent Holdings		8,558	5,621	1.4	1.1
Tencent Holdings is China's largest quoted Internet company by revenue, and offers a suite of online services – primarily entertainment and communication related – to users. The company originally started out as an 'instant messaging' service provider back in 1999, and has gone on to dominate this market in China with over 800 million active accounts. Tencent's leading Internet platforms in China include QQ (QQ Instant Messenger) and WeChat. The company is now successfully monetising this enormous 'community' via add-on services such as online gaming, advertising and ecommerce.					
Baidu		5,777	864	1.0	0.2
Baidu was formed in 2000 by Robin Li and operates China's leading Internet algorithmic search engine. Deep understanding of local culture has enabled Baidu to become a key marketing platform for hundreds of thousands of small and mid sized enterprises (SME's) as well as branded multinational customers. Recent improvements to its core product, augmented with strategic acquisitions has bolstered Baidu's position in mobile search and applications.					
Mediatek	Semiconductors & Equipment	5,251	4,268	0.9	0.8
SK Hynix	Semiconductors & Equipment	5,040	4,286	0.8	0.8
Keyence	Electronic Equipment	4,982	2,955	0.8	0.6
Hirose Electric	Electronic Equipment	4,720	2,992	0.8	0.6
Check Point Software Technology	Software	4,698	3,193	0.8	0.6
Avago Technologies	Semiconductors & Equipment	4,265	–	0.7	–
Omron	Electronic Equipment	4,029	–	0.7	–
Nice Systems	Software	3,563	–	0.6	–
Next	Media	3,431	–	0.6	–
Nabtesco	Machinery	2,667	–	0.5	–
Yahoo Japan	Internet Software & Services	2,484	2,963	0.4	0.6
Radware	Communications Equipment	2,460	3,101	0.4	0.6

		Value of holding		% of net assets	
		31 October 2013 £'000	30 April 2013 £'000	31 October 2013	30 April 2013
Shin-Etsu Chemical	Chemicals	2,407	3,397	0.4	0.6
Sina	Internet Software & Services	2,330	2,264	0.4	0.4
Disco Corporation	Semiconductors & Equipment	2,309	–	0.4	–
Himax Technologies	Semiconductors & Equipment	2,266	–	0.4	–
Siliconware Precision Industries	Semiconductors & Equipment	1,967	547	0.3	0.1
Allot Communications	Software	1,939	2,421	0.3	0.5
Start Today	Internet & Catalog Retail	1,445	–	0.2	–
King Yuan Electronics	Semiconductors & Equipment	1,336	–	0.2	–
Quanta Computer	Computer & Peripherals	1,243	1,116	0.2	0.2
Hoya	Electronic Equipment	1,239	1,067	0.2	0.2
Naver	Internet Software & Services	1,225	–	0.2	–
SMS	Internet Software & Services	1,048	–	0.2	–
Attunity Limited	Software	962	758	0.2	0.1
Ituran Location & Control	Communications Equipment	734	–	0.1	–
Oisix	Internet & Catalog Retail	658	–	0.1	–
Unus Technologies	Communications Equipment	–	–	–	–
Total Asian & Pacific investments		109,733		18.4	

Statement of Directors' Responsibilities and Corporate Matters

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, are consistent with those outlined in the Annual Report for the year ended 30 April 2013.

These principal risks can be summarised as market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk, differing economic cycles between different markets and risk inherent in technology, such as obsolescence and consumer acceptance of changes.

The investment manager's report comments on the outlook for market related risks, including the increased volatility in share prices and economic cycles.

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 investments listed on US markets or exposed to the US Dollar.

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 2013 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 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.

Responsibility Statement

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

- The condensed set of financial statements have been prepared in accordance with IAS34 as adopted by the European Union and give a true and fair view of the financial position of the Company as at 31 October 2013 and the results for the six months ended 31 October 2013 as required by the Disclosure and Transparency Rules 4.2.4R;
- The Interim Management Report (constituting the Investment Manager's Report) includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R.

The half year financial report for the six month period to 31 October 2013 has not been audited or reviewed by the Auditors.

The half year financial report for the six month period to 31 October 2013 was approved by the Board on 9 December 2013 and the responsibility statement was signed on its behalf by Michael Moule, Chairman of the Board.

Share Capital

As at 31 October there were 128,635,845 ordinary shares in issue. 4,103 ordinary shares were issued in the period as a result of conversion notices from subscription shareholders and 400.000 were issued in the period to satisfy market demand when the issue price exceed the NAV at the date of issue. Since the half year end and up to 9 December a further 2,805 ordinary shares have been issued to satisfy subscription share conversions and another 300,000 ordinary shares to satisfy market demand.

As at 31 October there were 24,770,357 subscription shares in issue. Subscription shares offer the right to subscribe for ordinary shares of the Company at pre-determined dates and can be bought and sold independently of the ordinary shares on the London Stock Exchange. Subscription shares can be converted on the last business day of each month until March 2014 which is last date for conversion after which the right to convert subscription shares will lapse. The subscription price is 478p per ordinary share.

A letter will be sent to subscription shareholders reminding them of the final date for conversion in early 2014.

AIFMD

The Board has taken advice on the implications for the Company of the Alternative Investment Fund Manager Directive and has agreed in principle to appoint Polar Capital LLP as the Alternative Investment Fund Manager and HSBC to the role of depository. These appointments are subject to final approval.

Statement of Comprehensive Income

for the half year ended 31 October 2013

		(Unaudited)						(Audited)		
		Half year ended 31 October 2013			Half year ended 31 October 2012			Year ended 30 April 2013		
	Notes	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	4,414	–	4,414	3,001	–	3,001	6,600	–	6,600
Other operating income	2	1	–	1	2	–	2	3	–	3
Gains/(losses) on investments held at fair value		–	67,891	67,891	–	(27,145)	(27,145)	–	25,774	25,774
Other currency (losses)/gains		–	(1,129)	(1,129)	–	(240)	(240)	–	367	367
Total income		4,415	66,762	71,177	3,003	(27,385)	(24,382)	6,603	26,141	32,744
Expenses										
Investment management fee		(2,862)	–	(2,862)	(2,616)	–	(2,616)	(5,234)	–	(5,234)
Performance fee	3	–	(790)	(790)	–	–	–	–	–	–
Other administrative expenses		(369)	–	(369)	(370)	–	(370)	(694)	–	(694)
Total expenses		(3,231)	(790)	(4,021)	(2,986)	–	(2,986)	(5,928)	–	(5,928)
Profit/(loss) before finance costs and tax		1,184	65,972	67,156	17	(27,385)	(27,368)	675	26,141	26,816
Finance costs		(241)	–	(241)	(374)	–	(374)	(637)	–	(637)
Profit/(loss) before tax		943	65,972	66,915	(357)	(27,385)	(27,742)	38	26,141	26,179
Tax		(437)	–	(437)	(422)	–	(422)	(739)	–	(739)
Net profit/(loss) for the period and total comprehensive income		506	65,972	66,478	(779)	(27,385)	(28,164)	(701)	26,141	25,440
Earnings per ordinary share (basic) (pence)	4	0.39	51.44	51.83	(0.61)	(21.36)	(21.97)	(0.55)	20.39	19.84
Earnings per ordinary share (diluted) (pence)	4	0.39	51.44	51.83	(0.61)	(21.36)	(21.97)	(0.55)	20.39	19.84

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

at 31 October 2013

	Notes	(Unaudited) 31 October 2013 £'000	(Unaudited) 31 October 2012 £'000	(Audited) 30 April 2013 £'000
Non current assets				
Investments held at fair value		571,139	463,614	510,957
Current assets				
Overseas tax recoverable		91	40	35
Other receivables		10,934	5,325	9,882
Cash and cash equivalents		54,412	39,025	33,419
		65,437	44,390	43,336
Total assets		636,576	508,004	554,293
Current liabilities				
Other payables		(14,566)	(2,635)	(5,559)
Bank loans		(24,587)	(10,050)	(19,725)
Bank overdraft		(205)	–	(148)
Derivative financial instruments		–	–	(16)
		(39,358)	(12,685)	(25,448)
Total assets less current liabilities		597,218	495,319	528,845
Non current liabilities				
Bank loans		–	(20,101)	–
Derivative financial instruments		–	(33)	–
		–	(20,134)	–
Net assets		597,218	475,185	528,845
Equity attributable to equity shareholders				
Share capital	5	32,407	32,303	32,306
Capital redemption reserve		12,588	12,588	12,588
Share premium		125,172	123,325	123,378
Special non-distributable reserve		7,536	7,536	7,536
Capital reserves		489,982	370,484	424,010
Revenue reserve		(70,467)	(71,051)	(70,973)
Total equity		597,218	475,185	528,845
Net asset value per ordinary share (basic) (pence)	6	464.27	370.60	412.41
Net asset value per ordinary share (diluted) (pence)	6	464.27	370.60	412.41

Statement of Changes in Equity

for the half year ended 31 October 2013

	(Unaudited) Half year ended 31 October 2013						
	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 2013	32,306	12,588	123,378	7,536	424,010	(70,973)	528,845
Total comprehensive income:							
Profit for the period to 31 October 2013	–	–	–	–	65,972	506	66,478
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares	100	–	1,775	–	–	–	1,875
Issue of ordinary shares on conversion of subscription shares	1	–	19	–	–	–	20
Total equity at 31 October 2013	32,407	12,588	125,172	7,536	489,982	(70,467)	597,218

	(Unaudited) Half year ended 31 October 2012						
	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 2012	32,300	12,588	123,271	7,536	397,869	(70,272)	503,292
Total comprehensive income:							
Loss for the period to 31 October 2012	–	–	–	–	(27,385)	(779)	(28,164)
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares on conversion of subscription shares	3	–	54	–	–	–	57
Total equity at 31 October 2012	32,303	12,588	123,325	7,536	370,484	(71,051)	475,185

	(Audited) Year ended 30 April 2013						
	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 2012	32,300	12,588	123,271	7,536	397,869	(70,272)	503,292
Total comprehensive income:							
Profit/(loss) for the year to 30 April 2013	–	–	–	–	26,141	(701)	25,440
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares on conversion of subscription shares	6	–	107	–	–	–	113
Total equity at 30 April 2013	32,306	12,588	123,378	7,536	424,010	(70,973)	528,845

Cash Flow Statement

for the half year ended 31 October 2013

	(Unaudited) Half year ended 31 October 2013 £'000	(Unaudited) Half year ended 31 October 2012 £'000	(Audited) Year ended 30 April 2013 £'000
Cash flows from operating activities			
Profit/(loss) before finance costs and tax	67,156	(27,368)	26,816
Adjustment for non-cash items:			
Foreign exchange losses/(gains)	1,129	240	(367)
Adjusted profit/(loss) before finance costs and tax	68,285	(27,128)	26,449
Adjustments for:			
(Increase)/decrease in investments	(60,182)	27,192	(20,151)
Increase in receivables	(1,052)	(598)	(5,155)
Increase/(decrease) in payables	9,083	(3,278)	(296)
	(52,151)	23,316	(25,602)
Net cash generated from/(used in) operating activities before tax	16,134	(3,812)	847
Overseas tax deducted at source	(493)	(448)	(760)
Net cash generated from/(used in) operating activities	15,641	(4,260)	87
Cash flows from financing activities			
Issue of share capital	1,895	57	113
Loans matured	(6,171)	–	(9,845)
Loans taken out	11,638	–	–
Finance costs	(333)	(359)	(697)
Net cash generated from/(used in) financing activities	7,029	(302)	(10,429)
Net increase/(decrease) in cash and cash equivalents	22,670	(4,562)	(10,342)
Cash and cash equivalents at the beginning of the period	33,271	43,599	43,599
Effect of foreign exchange rate changes	(1,734)	(12)	14
Cash and cash equivalents at the end of the period	54,207	39,025	33,271

Notes to the Financial Statements

for the six month period ended 31 October 2013

1. GENERAL INFORMATION

The financial statements comprise the unaudited results for Polar Capital Technology Trust plc for the six month period to 31 October 2013.

The unaudited financial statements to 31 October 2013 have been prepared using the accounting policies used in the annual financial statements to 30 April 2013. 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.

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 2013 and 31 October 2012 have not been audited. The figures and financial information for the year ended 30 April 2013 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 2013, 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 2013.

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

The trading subsidiary, PCT Finance Limited was dissolved from the Companies House register on 29 October 2013. As such, there is no longer a group in existence and therefore the financial statements, including comparatives, have been presented on a Company only basis.

2. INCOME

	(Unaudited) For the half year ended 31 October 2013 £'000	(Unaudited) For the half year ended 31 October 2012 £'000	(Audited) For the year ended 30 April 2013 £'000
Income from investments held at fair value through profit or loss			
Franked dividends	1,243	55	1,123
Unfranked dividends	3,171	2,946	5,477
	4,414	3,001	6,600
Other operating income			
Bank interest	1	2	3
Total income	4,415	3,003	6,603

Notes to the Financial Statements continued

for the six month period ended 31 October 2013

3. 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 Total Return Index in Sterling adjusted for 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 2013 a performance fee of £790,000 was accrued but the quantum of any performance fee if payable will be based on the net asset value at the year end 30 April 2014 and may differ significantly from the sum accrued in these accounts.

4. EARNINGS PER ORDINARY SHARE

	(Unaudited) For the half year ended 31 October 2013 £'000	(Unaudited) For the half year ended 31 October 2012 £'000	(Audited) For the year ended 30 April 2013 £'000
Net profit/(loss) for the period:			
Revenue	506	(779)	(701)
Capital	65,972	(27,385)	26,141
Total	66,478	(28,164)	25,440
Weighted average number of shares in issue during the period	128,252,247	128,210,050	128,215,984
Revenue	0.39p	(0.61)p	(0.55)p
Capital	51.44p	(21.36)p	20.39p
Total	51.83p	(21.97)p	19.84p

The Company has in issue 24,770,357 subscription shares which are convertible into ordinary shares.

Further details of the conversion price are given in note 5.

There was no dilution of the return per ordinary share in respect of the conversion rights attaching to the subscription shares.

5. SHARE CAPITAL

	(Unaudited) 31 October 2013 £'000	(Unaudited) 31 October 2012 £'000	(Audited) 30 April 2013 £'000
Allotted, Called up and Fully paid:			
Ordinary shares of 25p each			
Opening balance of 128,231,742 (31 October 2012 and 30 April 2013: 128,208,023)	32,058	32,052	32,052
Issue of 400,000 (31 October 2012 and 30 April 2013: nil) ordinary shares	100	–	–
Conversion of 4,103 (31 October 2012: 11,897; 30 April 2013: 23,719) subscription shares to ordinary shares	1	3	6
Closing balance of 128,635,845 (31 October 2012: 128,219,920; 30 April 2013: 128,231,742) ordinary shares	32,159	32,055	32,058
Subscription shares of 1p each:			
Opening balance of 24,774,460 (31 October 2012 and 30 April 2013: 24,798,179)	248	248	248
Conversion of 4,103 (31 October 2012: 11,897; 30 April 2013: 23,719) subscription shares to ordinary shares	–	–	–
Closing balance of 24,770,357 (31 October 2012: 24,786,282; 30 April 2013: 24,774,460) subscription shares	248	248	248
Total share capital	32,407	32,303	32,306

The subscription shares were issued as a bonus issue to the ordinary shareholders on 14 February 2011, on the basis of one subscription share for every five ordinary shares. Each subscription share confers the right (but not the obligation) to subscribe for one ordinary share on the last business day of each month between and including 31 March 2011 and 31 March 2014, when the rights under the subscription shares will lapse.

The conversion price is 478 pence per ordinary share.

6. NET ASSET VALUE PER ORDINARY SHARE

	(Unaudited) 31 October 2013	(Unaudited) 31 October 2012	(Audited) 30 April 2013
Undiluted:			
Net assets attributable to ordinary shareholders (£'000)	597,218	475,185	528,845
Ordinary shares in issue at end of period	128,635,845	128,219,920	128,231,742
Net asset value per ordinary share	464.27p	370.60p	412.41p

There is no dilutive effect on the net asset value per ordinary share in respect of the conversion rights attaching to the subscription shares as the conversion price is higher than the NAV of the Company at each period end.

7. DIVIDEND

In accordance with stated policy, no interim dividend has been declared for the period (31 October 2012 and 30 April 2013: nil).

Shareholder information

Share Price and Net Asset Value

The Company's Net Asset Value (NAV) is released daily, on the next working day, following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'.

Share price information is also available from The London Stock Exchange Website www.londonstockexchange.co.uk (PCT), Bloomberg (PCT.LN), Datastream (PCT), Lipper (71000395) and Reuters (PCT.L).

The SEDOL code for the ordinary shares is 0422002 and the ISIN is GB004220025.

The SEDOL code for the subscription shares is B615W32 and the ISIN is GB00B615W327.

Portfolio Details

Portfolio information is provided to the AIC (www.theAIC.co.uk) and information is provided in the monthly fact sheets published by the investment manager.

A full portfolio listing is published in the Annual and Half Year Reports and released as part of the Interim Management Statements released to the London Stock Exchange.

Subscription Shares

Polar Capital Technology Trust plc issued, as a bonus issue, free of cost, subscription shares on 14 February 2011 to its qualifying shareholders.

Subscription shares offer the right to subscribe for ordinary shares of the Company at pre-determined dates at pre-determined prices and can be bought and sold independently of the ordinary shares on the London Stock Exchange. The subscription price is 478p per ordinary share.

There are subscription share conversion dates on the last working days of December 2013, January 2014 and February 2014. The last date for conversion is the last business day of March 2014 after which, the right to convert subscription shares will lapse.

Subscription shares are qualifying investments for the stocks and shares component of an ISA, and are eligible for inclusion in a UK SIPP.

Warnings to Shareholders

Investing

The Ordinary and Subscription Shares of the Company are listed and traded on the London Stock Exchange.

Investors should be aware that the value of the Company's shares may reflect the greater relative volatility of technology shares. Technology shares are subject to the risks of developing technologies, competitive pressures and other factors including the acceptance by business and consumers of new technologies. Many companies in the technology sector are smaller companies and are therefore also subject to the risks attendant on investing in smaller capitalisation businesses.

Polar Capital Technology Trust plc is an investment trust and as such its ordinary and subscription shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to do so for the foreseeable future so that the exclusion continues to apply.

Boiler Room Scams

We have become aware that shareholders of the Polar Capital Technology Trust plc have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting http://www.fca.org.uk/register/
- Report the matter to the FCA either by calling 0845 606 1234 or http://www.fca.org.uk/consumers/scams
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the company endorses will be included in company mailings.

Forward Looking Statements

Certain statements included in this Half Year Report 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 Business Review in the latest Annual Report and Financial Statements. 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.

Profile

Polar Capital Technology Trust plc was launched on 16 December 1996 under the name Henderson Technology Trust plc, with the issue of ordinary shares plus one warrant attached to every five shares. The original subscription price for each share was £1. On 30 September 2005 the warrants reached their final exercise date and were converted into ordinary shares of the Company.

In 2010, the shareholders voted to continue the life of the Company and they will have in 2015 and every five years thereafter the right to approve, or otherwise, the continued existence of the Company.

On 14 February 2011 Subscription Shares were issued free of cost to qualifying shareholders on the basis of one Subscription Share for every five ordinary shares.

Investment Policy

The full text of the investment policy is set out in the Annual Report.

Objective

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

Benchmark

The Company has a benchmark of the Dow Jones World Technology Index total return in sterling adjusted for withholding taxes against which NAV performance is measured for the purpose of assessing performance fees.

Rationale

Over the last two 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 broad market, reflecting the long term secular uptrend in technology spending.

Investment Approach

Stocks are selected for their potential for shareholder returns, not on the basis of technology for its own sake. The investment manager believes 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.

Management

Polar Capital LLP is the appointed investment manager and Mr Ben Rogoff, the appointed fund manager, has been responsible for the Company's portfolio since 1 May 2006. He is supported by a team of technology specialists.

Fees

The Company pays both a basic management fee as well as a capped performance fee if performance is above a predetermined level. Further details are given in the Annual Report.

Information on the Company can be accessed at: www.polarcapitaltechnologytrust.co.uk and further shareholder information is given in the latest Annual Report.

Contacts

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Brian Ashford-Russell
Sarah Bates
David Gamble
Peter Hames
Rupert Montagu

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Registered in England and Wales
No. 3224867

Company Website
www.polarcapitaltechnologytrust.co.uk
The Company maintains a website which provides a wide range of information on the Company, monthly fact sheets, and copies of announcements and other useful details and further links to information sources.

Information on the Company can be obtained from various different sources including www.theaic.co.uk, and www.ft.com/markets

Registrar
Shareholders who have their shares registered in their own name, not through a Share Savings Scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and Internet contact details are given below.

In correspondence you should refer to Polar Capital Technology Trust plc, stating clearly the registered name and address and, if available, the full account number.

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