

Fund Manager Comment

Market review

Global equities continued their upward march during May. Aided by a strengthening US dollar, the FTSE World Index gained 2.2% in sterling terms. There were some significant geographic variations during the month as the S&P 500 Index powered to an all-time high, aided by sharply higher US ten year Treasury yields (that rose from 1.68% to 2.16%) and on balance, more positive macroeconomic data (strong April jobs, Chicago PMI and consumer sentiment offsetting lacklustre durable goods, soft US ISM and weaker Chinese PMI readings). European stocks also rallied, although gains were offset by Japanese markets which consolidated after their strong run. US market strength was particularly impressive given speculation (later reiterated by Federal Reserve (Fed) Chairman Ben Bernanke) that the Fed would begin to taper its asset purchases (QE) in the autumn should the labour market continue to improve. The subsequent rotation away from defensive/high yield stocks and sectors (including telecoms and REITS) gave a glimpse of what might occur when the Fed does eventually shift policy, with early cyclical beneficiaries such as financials, technology and small caps all performing strongly.

Technology review

Having lagged year-to-date, the technology sector rebounded strongly. This was aided by rising bond yields and a rotation away from defensive assets, the Dow Jones World Technology Index rising 5.6% in sterling terms during the month. Rather oddly, given the broader market moves, defensive assets within the technology space continued to perform well, epitomised by further strength of Microsoft stock which made a five year high during the month, returning Bill Gates to the title of world's richest person. Early cyclical sub-sectors such as semiconductors and networking also outperformed. Technology results were mixed, with strong results from several holdings including Imperva, Infoblox, Synopsys, Blinkx and Tencent offset by a more mixed quarter at Salesforce.com and lacklustre results from Aruba, Autodesk, Intuit and NetApp. Internet stocks paused for breath with LinkedIn and TripAdvisor reporting solid results, offset by guidance which fell modestly short of expectations. Regulation also provided an additional sector headwind during the month, with an internet sales tax bill being considered by Congress, while Cognizant and other offshore IT providers were weak on concerns regarding the forthcoming US Immigration Bill. The stand out positive data point was Cisco, a company which historically has acted as a leading indicator for the rest of the sector (by one or two quarters), with better than expected results and upbeat commentary from CEO John Chambers pointing to stabilisation in Europe and improvement in US enterprise orders.

There were several 'significant' product launches in the quarter, most importantly the much awaited Galaxy S4 smartphone from Samsung with early unit shipments broadly in-line with expectations. Microsoft's pre-launch PR of the Xbox One went rather unnoticed outside of its loyal gaming community which highlighted the extent of the shift away from console based gaming. In contrast, Google's PR/hype machine was out in full force for the launch of Google Glass – likely to prove a novelty but supportive of a shift towards wearable technology over the coming years. More significant in our view, however, was Adobe's decision to shift its software delivery model entirely to SaaS (with perpetual licenses no longer available after Creative Suite 6) suggesting the move to the Cloud is gathering momentum.

Outlook

Having struggled to keep up with the broader market since Q1 2012, the technology sector has recently recovered c. one-third of its relative underperformance, impressive given Apple's continued malaise. As we have previously discussed, we have continued to deemphasise the smartphone theme within the portfolio now that global penetration is in excess of 42%. Whilst technology earnings in Q4 2012 and Q1 2013 were mixed, many companies actually reported solid results with much of the disappointment centred on those with significant service provider and legacy enterprise exposure. Cisco's upbeat prognosis followed by strong results from Ciena (+17% on the day) and positive recent commentary from both Altera and Juniper suggests that service provider spending is finally picking up. We will, however, be watching legacy enterprise-related stocks closely over coming quarters. Although these companies may also benefit from the economic tailwind Cisco appears to be enjoying, there is a risk that any recovery may prove muted due to the deflationary impact associated with public cloud computing (embodied by Amazon Web Services - AWS) and other disruptive/open source technologies such as Hadoop.

While recent sector performance is certainly encouraging, large-cap value has continued to perform very well, epitomised by the year-to-date performances of Hewlett Packard (+82% year-to-date) and Microsoft (+41%) despite little improvement in the PC market and other legacy technology segments. This dynamic has proved a fairly formidable headwind to our investment approach, more than offsetting relative gains due to our underweight Apple/smartphone stance. While we have to acknowledge being pleasantly surprised by our sector's desire to return more of its excess cash to shareholders (attracting a new generalist buyer) it has done little to dissuade us of our view that the new cycle has entered a more disruptive phase. The irony that companies we perceive to be among the most at risk from the shift to cloud computing have generated some of the best year-to-date returns is not lost on us. Hopefully recent weakness in defensive/income-generating assets in the broader market points to this deleterious phase entering its final innings – if so, the headwinds to our investment style should fade as investors once again focus on growth and fundamentals.

Ben Rogoff, 10 June 2013

31 May 2013

Fact sheet

Trust Facts

Ordinary Shares	
Share Price (p)	416.60
NAV (undiluted) per Share (p)	436.10
Premium (%)	-
Discount (%)	4.47
Capital Structure	128,232,398 shares of 25p

Subscription Shares[†]

Share Price (p)	8.25
Exercise Price (p)	
- From 1 April 2012 to 31 March 2014	478.00
Capital Structure	24,773,804 shares of 1p

Total Net Assets (£m)	559
AIC Gearing Ratio (%) [*]	0.00
AIC Net Cash Ratio (%) [*]	4.00

^{*}Gearing calculations are exclusive of current year Revenue/Loss

Trust Characteristics

Launch Date	16 December 1996
Lead Manager	Ben Rogoff
Year End	30 April
Results Announced	Mid June
Next AGM	September 2013
Continuation Vote	2015 AGM; every 5 years
Listed	London Stock Exchange

Benchmark

Dow Jones World Technology Index (Total Return)
(from 1 May 2006)

Fees^{*}

Management Fee	1.00%
Performance Fee ^{**}	15% over Benchmark
Ongoing Charges (historic)	1.16%

^{*} Further details can be found in the Report & Accounts

^{**} Subject to high watermark and cap

Trust Overview

Objective

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

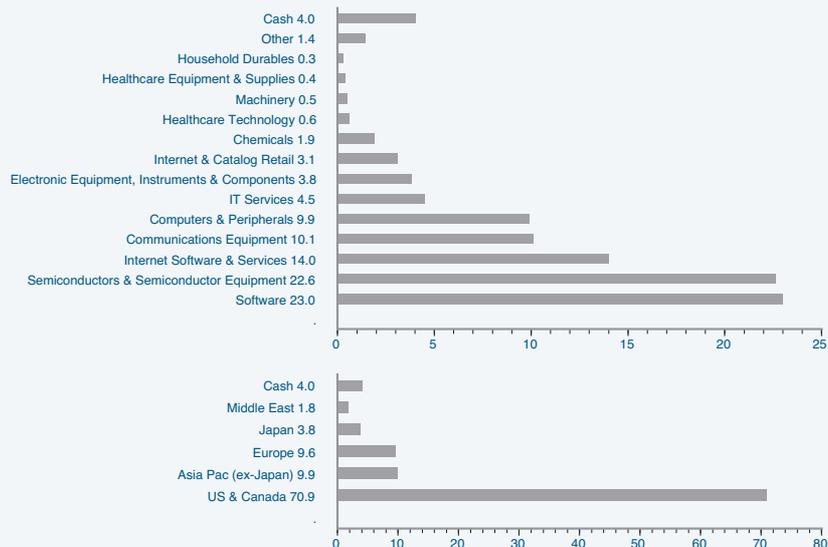
†For full details of the subscription shares and their exercise terms please refer to the prospectus of 18 January 2011 and the notes on the company's website.

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

31 May 2013

Fact sheet

Sector & Geographic Exposure (%)



Total Number of Holdings 132

Top Ten Holdings (%)

Google	6.9
Apple	5.9
Microsoft	4.3
Samsung Electronics	3.2
Cisco Systems	3.2
Qualcomm	2.5
IBM	2.1
Oracle	2.0
Amazon	2.0
Intel	1.9
Total	34.0

Market Capitalisation Exposure (%)

Large (greater than US\$ 10bn)	68.1
Medium (US\$ 1bn to 10bn)	24.1
Small (less than US\$ 1bn)	7.8

Trust Overview

Investment Rationale

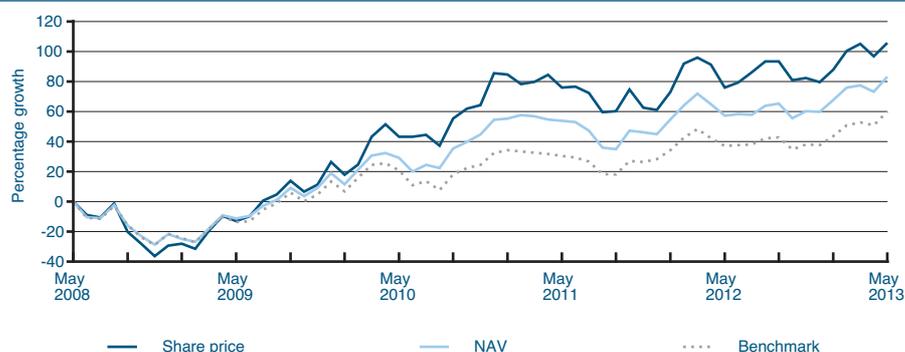
Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the accelerating rate of adoption of new technology. Technology is transforming the competitive position of companies and entire economies, thereby fuelling a major secular increase in technology spending.

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

Approach

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

Performance Over 5 Years



Share Price & NAV per Share Over 5 Years



Cumulative Performance (%) to 31/05/2013

	1 Month	3 Months	6 Months	1 Year	5 Years
Share Price	4.54	2.66	12.90	17.02	105.73
NAV per Share	5.74	4.04	14.27	16.48	83.09
Benchmark	6.10	6.11	15.86	16.77	59.99

Discrete Annual Performance (%)

	30/04/13 31/05/13	30/04/12 30/04/13	28/04/11 30/04/12	30/04/10 28/04/11	30/04/09 30/04/10
Share Price	4.54	2.97	3.61	21.74	67.65
NAV per Share	5.74	5.06	6.59	16.88	45.63
Benchmark	6.10	5.98	8.12	4.87	39.63

Source: Lipper & HSBC Securities Services (UK) Limited, percentage growth, total return

31 May 2013
Fact sheet

Polar Capital Technology Investment Management Team

Polar Capital Technology Trust is managed by the Polar Capital technology team. Polar Capital was established by the senior technology fund managers previously responsible for Henderson's specialist technology funds. Today's Polar Capital technology team comprises of five investment professionals.

Ben Rogoff - Director, Technology



Ben joined Polar Capital in May 2003. He is lead manager of Polar Capital Technology Trust plc and is also joint manager of Polar Capital Global Technology Fund. He has been a technology specialist for 15 years. Prior to joining Polar Capital he began his career in fund management at CMI, as a global technology analyst. He moved to Aberdeen Asset Managers in 1998 where he spent four years as a senior technology manager. Ben graduated from St Catherine's College, Oxford in 1995.

Technology Investment Management Team:

Nick Evans - Senior Fund Manager

Nick joined Polar Capital in September 2007 and has 15 years' experience as a technology specialist. He has been lead manager of the Polar Capital Global Technology Fund since January 2008. Prior to joining Polar he was head of technology at AXA Framlington and lead manager of the AXA Framlington global technology fund and the AXA world fund (AWF) – global technology from 2001 to 2007 (both rated five stars by S&P). He also spent three years as a Pan-European investment manager and technology analyst at Hill Samuel Asset Management. Nick has a degree in Economics from Hull University.

Fatima lu - Fund Manager

Fatima joined Polar Capital in April 2006 after working as an analyst with Citigroup Asset Management for 18 months. She focuses on European technology stocks and has responsibility for coverage of the global alternative energy and medical technology sub-sectors. Fatima graduated from Imperial College London in 2002 with a degree in Medicinal Chemistry. She is a CFA charterholder.

Colin Moar - Fund Manager

Colin joined Polar Capital in January 2011 as a Fund Manager, having spent 15 years covering Pan-European and then global equity markets, with the technology sector as his main focus. Prior to joining Polar Capital he started his career at Morley Fund Management in 1997 initially covering UK/European equities before moving to their global equity team in 2002. From 2006 he took responsibility for ?450m of the team's focused global equity funds. In January 2010 Colin joined HSBC Asset Management's global equity team as a senior fund manager. Colin has a degree in Business Studies from the University of Edinburgh.

Xuesong Zhao - Fund Manager

Xuesong joined Polar Capital in May 2012, having spent most of the previous five years working as an investment analyst within the emerging market & Asia team at Aviva Investors, where he was responsible for the technology, media and telecom sectors. Prior to that, he worked as a quantitative analyst and risk manager for the emerging market debt team at Pictet Asset Management. He started his career as a financial engineer at Algorithmics, now owned by IBM, in 2005. He holds an MSc in Finance from Imperial College Science & Technology, a BA (Hons) in Economics from Peking University and is a CFA charterholder.

How to Invest

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

The company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Equiniti to be made available.

Tel: 0870 850 0852
Online: www.shareview.co.uk/dealing

Savings Scheme & ISA

Shares in the company may be purchased through a share saving scheme and an ISA administered by Alliance Trust Savings Scheme, by contacting Alliance Trust.

Tel: 0800 326 323
Online: www.alliancetrust.co.uk

Registered Office

4 Matthew Parker Street, London SW1H 9NP

Custodian

JP Morgan Chase NA acts as global custodian for all the Company's investments.

Registrar

Equiniti
The Causeway, Worthing, West Sussex BN99 6DA
www.shareview.co.uk

Codes

Ordinary Shares

London Stock Exchange	PCT
Reuters	PCT.L
Bloomberg	PCT.LN

Subscription Shares

London Stock Exchange	PCTS
Reuters	PCTS.L
Bloomberg	PCTS.LN

Website

www.polarcapitaltechnologytrust.co.uk

House View

This document has been produced based on Polar Capital research and analysis and represents our house view. All sources are Polar Capital unless otherwise stated.

Important Information

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Holdings

The top 10 positions were selected based on percentage of AUM. This portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A complete list of the portfolio holdings may be made available upon request. It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

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 because benchmarks have volatility and other material characteristics that may differ from the fund. For example, investments made for the fund may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the fund may differ from those of the benchmark. Also, the index noted in this presentation is unmanaged, are not available for direct investment, and is not subject to management fees, transaction costs or other types of expenses that the fund may incur. In addition, the performance of the index 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. The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the fund was similar to the index in composition or risk.

Regulatory Status

Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the UK Financial Conduct Authority ("FCA") and is registered as an investment adviser with the US Securities & Exchange Commission ("SEC"). A list of members is open to inspection at the registered office, 4 Matthew Parker Street, London SW1H 9NP.

Information Subject to Change

The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

Forecasts

References to future returns are not promises or even estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. In addition, the forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

Performance

Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Many factors affect fund performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment return and principal value of your investment will fluctuate, so that when your investment is sold, the amount you receive could be less than what you originally invested. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Where investments are made in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, or the income from, the investment. Investments are not insured by the FDIC (or any other state or federal agency), are not guaranteed by any bank, and may lose value.

Investment Process - Risk

No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable. Investors may lose all of their investments.

Allocations

The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. The actual performance of the fund will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the fund while minimizing its risk. The actual investments in the fund may or may not be the same or in the same proportion as those shown herein.