Polar Capital Technology Trust plc

POLAR CAPITAL

Trust Fact Sheet

29 August 2014

Trust Facts

Ordinary Shares

Share Price	491.50p
NAV per share	521.85p
Premium	-
Discount	-5.82%
Capital	132,336,159 ordinary shares of 25p

Assets & Gearing[1]

Total Net Assets	£690.6m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	3.58%

Benchmark

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

Fees[2]

Management	1.00%
Performance	15% over Benchmark

Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 4 and the full Risk Warnings in the Prospectus.

Discount Warning

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

Company Profile

Investment Objective

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

Investment Rationale

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

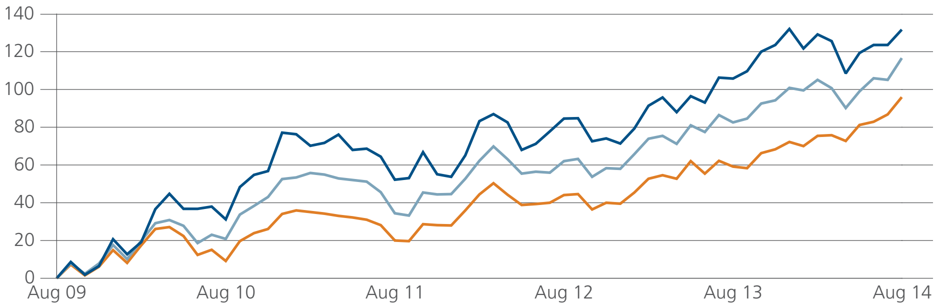
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

Investment Approach

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

Performance

Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
■ Ordinary Share Price	3.69	5.70	1.13	12.60	131.84
■ NAV per Share	5.59	8.86	5.54	18.61	116.60
■ Benchmark	4.90	8.14	11.60	23.03	95.92

Discrete Annual Performance (%)

	30/04/14 29/08/14	30/04/13 30/04/14	28/04/12 30/04/13	30/04/11 28/04/12	30/04/10 30/04/11
Ordinary Share Price	11.20	10.92	2.97	3.61	21.74
NAV per Share	13.82	11.17	5.01	6.64	16.88
Benchmark	13.38	13.07	5.98	8.12	4.87

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

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

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

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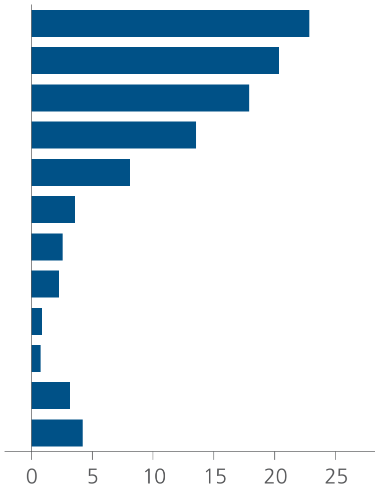
Polar Capital Technology Trust plc

Portfolio Exposure

As at 29 August 2014

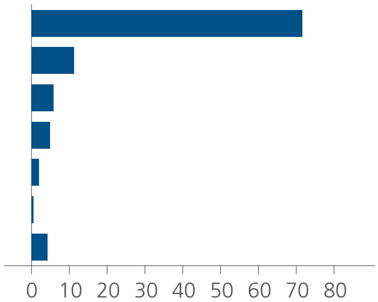
Sector Exposure (%)

Internet Software & Services	22.9
Semiconductors & Semiconductor Equip.	20.4
Software	17.9
Tech. Hardware, Storage & Peripherals	13.5
Communications Equipment	8.1
Elec. Equip. Instruments & Components	3.6
IT Services	2.6
Internet & Catalog Retail	2.3
Healthcare Technology	0.8
Chemicals	0.7
Other	3.1
Cash	4.2



Geographic Exposure (%)

US & Canada	71.6
Asia Pac (ex-Japan)	11.2
Europe	5.9
Japan	4.8
Middle East & Africa	1.9
Latin America	0.5
Cash	4.2



Top 10 Holdings (%)

Apple	8.6
Google*	7.6
Facebook	4.3
Microsoft	3.0
Intel	2.8
Qualcomm	2.2
Baidu	2.0
Samsung Electronics	2.0
Cisco Systems	1.7
Oracle	1.7
Total	**35.9**
Total Number of Positions	**127**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	70.5
Mid Cap (>$1bn - $10bn)	22.8
Small Cap (<$1bn)	6.7

Investing in the Trust and Shareholder Information

Market Purchases

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

Share Dealing Services

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

Telephone 0800 326 323

Online www.alliancetrust.co.uk

Savings Scheme & ISA

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

Corporate Contacts

Registered Office and Website

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

Custodian

HSBC PLC acts as global custodian for all the company's investments.

Registrar

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

Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid June
Next AGM	September 2014
Continuation Vote	2015 AGM
Listed	London Stock Exchange

Codes

Ordinary Shares

ISIN	GB004220025
SEDOL	422002
London Stock Exchange	PCT

The entire investment portfolio is published in the annual and semi annual reports and as part of the interim management statement.

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

Note: Totals may not sum due to rounding.

*Combination of Class A and Class C Google shares.

Fund Manager Comments

As at 29 August 2014

Market Review

Further equity market gains, together with continued sterling weakness, saw the FTSE World Index rise 3.8% in GBP terms during August, while the S&P 500 ended the month above the 2000 level. Positive corporate newsflow (earnings/M&A) offset softening macroeconomic data and concerning geopolitical developments. In terms of positives, second-quarter earnings season ended on an upbeat note with 61% and 59% of US companies beating on revenues and earnings respectively, while guidance improved the spread between companies increasing/lowering guidance near zero after having been in negative territory for 10 consecutive quarters. M&A activity provided additional support, epitomised by the acquisition of US biotechnology company InterMune for $7.8bn by Swiss drug-maker Roche, representing a 38% one-day premium. In contrast, economic data was skewed to the downside particularly relating to inflation which resulted in US 10-year sovereign yields ending the month at just 2.34%, while 10-year German bund yields fell to 0.89%, an all-time low. Commodities were also weak with oil falling a further 1.4% during the month, despite continuing uncertainty in both the Middle East and Ukraine. In the UK, lower-than-expected inflation data (CPI +1.6% year-on-year) reduced the likelihood of rate hikes this year, driving a sharp reversal in recent sterling strength, while the ECB readied the market for an asset purchase programme to combat deflation (delivered in early September) amid deteriorating European data (Italy officially re-entering recession, German factory orders disappointing for the second consecutive month, Euro-area inflation slowing to just 0.4%). While poor economic news was interpreted negatively in Europe, weaker macroeconomic data in Japan (post the consumption tax hike) was viewed positively as it increased the likelihood of additional BoJ intervention. With Chinese macroeconomic newsflow also skewed to the downside, mixed US data proved a relative bright spot (robust housing, industrial production and consumer confidence, offset by weaker personal income/spending/PCE), while both the July FOMC minutes and Fed Chair Janet Yellen's testimony at Jackson Hole appeared to confirm that the timing of US rate hikes remains data dependent.

Technology Review

The technology sector modestly outperformed during August as stocks responded positively to second-quarter earnings and M&A activity, the Dow Jones World Technology Index advancing 4.8% in sterling terms. Q2 earnings season proved a positive one for the technology sector with more than two-thirds of companies posting revenues and earnings ahead of expectations (and less than 21% missing). A number of our Internet holdings reacted positively to strong second-quarter results (Baidu, Bitauto, Facebook, LinkedIn, Splunk, Twitter), while several of our off-benchmark positions, including Cognex and Stratasys, posted exceptionally strong reports. Although next-generation stocks generally delivered ahead of expectations (inline with our 'new cycle thesis'), our relative performance was negatively impacted by disappointing results from a clutch of small-caps (Allot and Marin Software), and robust performances from PC-related stocks (HP, Intel, Microsoft and the Taiwanese supply chain) aided by the expiry of support for Windows XP which continues to drive a recovery in corporate PC demand. Apple performed strongly but also represented a headwind to relative performance as it – and its suppliers – traded well following an inline quarter and in anticipation of the September 9th 'special event,' where we expect to see the iPhone 6, iWatch and mobile payments products released (although this was partially offset by continued weakness as growth/margin challenged Samsung and its supply chain). In addition to positive earnings progress, the sector also benefited from further M&A activity, particularly in the semiconductor subsector where Infineon bought International Rectifier, Murata acquired Peregrine Semi while Microchip had a bid for CSR rejected by its Board.

Outlook

Although markets have continued to squeeze higher, we remain constructive on equities, particularly versus 'low risk' alternatives such as cash and bonds where negative real returns appear all but guaranteed. We also remain extremely confident in our 'new cycle thesis' with second-quarter earnings season providing us with plenty of evidence that the recent reset in next-generation valuations was largely divorced from fundamentals that remain in rude health. In contrast, most incumbent companies were only able to post stable/inline results with emerging market weakness largely offsetting some improvement in US enterprise IT demand.

One notable exception to this remains the PC market, but we expect recent strength to subside as tailwinds associated with the end of support for Windows XP fade next year. Although we remain constructive, the immediate outlook feels more mixed with equities looking a little extended while recent bull-bear/implied volatility readings suggest that some complacency has crept back into equity markets. We are also mindful of the divergence between equity markets and sovereign yields, heightened geopolitical risk (the Scottish referendum, US mid-term elections in Nov, instability in Ukraine and Iraq/Syria) and adverse seasonality which explains our current cash position.

While we understand why investors in the broader market have gravitated towards defensives/'safe havens', we believe that the PE expansion that has driven share price performance of a number of technology incumbents this year remains at odds with a 'new technology cycle' that appears to have entered a more pernicious phase. Although the market forward PE (S&P 500) has expanded from 15.5x to 16.8x (+1.3 points) this year, PC-centric companies HP and Microsoft have each added 2-3 multiple points, while Apple's headline forward PE has expanded from 12.6x to 15.5x. In contrast, many of our favoured names have experienced multiple compression this year. Although Internet stocks have benefited from strong results and excitement ahead of the much awaited Alibaba IPO (many recapturing circa 50%+ of their post March/April decline), other sub-sectors (such as SaaS and 'big data') have failed to keep pace. In the case of Apple, we will soon know whether or not recent PE expansion is justified with a larger form-factor iPhone 6, an iWatch and mobile payments all expected at the September 9th event which will shed light on the company's attempt to differentiate itself as a luxury goods/software company with sustainably higher margins than its hardware orientated peers.

Unfortunately, for much of 2014, the re-rating of larger (ex-growth) companies has obscured the superior growth that our portfolio continues to deliver. Not only is this large-cap re-rating a finite process (more than half complete, according to Empirical Research), but as the new cycle becomes more pernicious, we expect deflation associated with Cloud and mobile-based alternatives to catch up with many of the legacy stocks currently in vogue. Although our growth-centric approach has been firmly out of favour this year, second-quarter earnings season provided us with a timely reminder that the March-May reset in next-generation's valuations was largely divorced from fundamentals. As such, while markets could soften on geopolitical/growth concerns, we do not expect new cycle 'winners' to revisit their May 2014 lows absent genuine new news. The pace of innovation in technology/Internet is meaningfully accelerating which combined with increased M&A activity (as incumbents attempt to retool) should provide us with a welcome tailwind. Cyber security remains an area of focus with recent high-profile security breaches (eBay, Home Depot, Target and even Apple's iCloud) keeping it at the top of the spending priority list. With several members of the team travelling or having just returned from meeting companies, we certainly feel encouraged that the US recovery is on track and the fundamentals for many of our holdings remain robust.

Ben Rogoff

9 September 2014

Polar Capital Technology Trust Management Team

Ben Rogoff

Director, Technology

Ben has managed the Trust since 2006, he joined Polar Capital in 2003 and has 18 years of industry experience.

Nick Evans - Senior Fund Manager

Fatima Iu - Fund Manager

Xuesong Zhao - Fund Manager

Paul Johnson - Junior Analyst

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

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