

## Trust Fact Sheet

31 May 2018

## Company Profile

### Investment Objective

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

### Investment Policy

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

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

### Investment Approach

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

### Trust Facts

#### Ordinary Shares

Share Price	1256.00p
NAV per share	1281.06p
Premium	-
Discount	-1.96%
Capital	1,337,950,000 ordinary shares of 25p

#### Assets & Gearing <sup>1</sup>

Total Net Assets	£1,714.0m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	5.87%

### Benchmark

Dow Jones World Technology Index Total Return Sterling adjusted with the removal of relevant withholding taxes (from 1 May 2013)

### Fees <sup>2,3,4</sup>

Management	1.00%
Performance	15% over Benchmark
Ongoing Charges	1.01%

### FX Rates

GBP/USD	1.3307
GBP/EUR	1.1399
GBP/JPY	144.5685

### Risk Warning

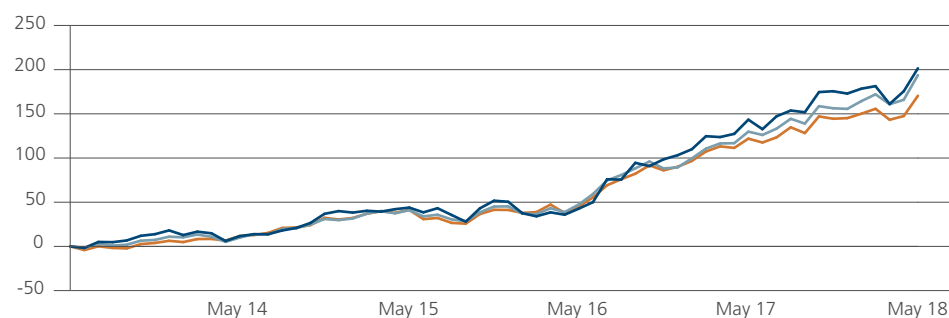
Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

### Discount Warning

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

## Performance

### Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
■ Ordinary Share Price	9.41	7.17	9.41	23.87	201.49
■ NAV per Share	10.47	7.97	14.62	27.82	193.75
■ Benchmark	9.27	5.76	10.63	21.86	170.42

### Discrete Performance (%)

	30/04/18	30/04/17	30/04/16	30/04/15	30/04/14
	31/05/18	30/04/18	30/04/17	30/04/16	30/04/15
Ordinary Share Price	9.41	21.22	67.31	-4.39	33.94
NAV per Share	10.47	22.66	56.13	1.05	30.71
Benchmark	9.27	17.05	53.38	-0.11	29.46

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

- Gearing calculations are exclusive of current year Revenue/Loss.
- Management fee is 1% of net assets up to £800m, 0.85% on net assets over £800m to £1700m and 0.8% on net assets above £1700m.
- The performance fee is subject to a highwater mark and cap. Further details can be found in the latest Annual Report.
- Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.

### Awards & Ratings



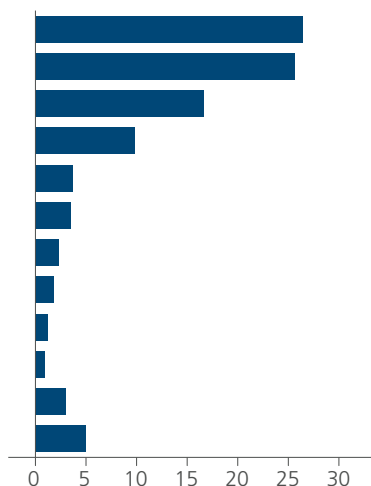
# Polar Capital Technology Trust plc

## Portfolio Exposure

As at 31 May 2018

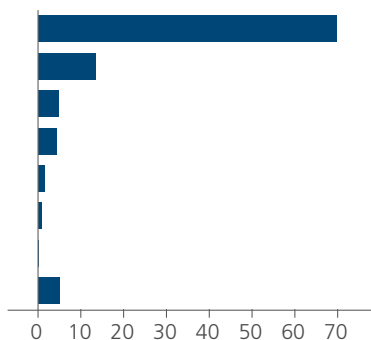
### Sector Exposure (%)

Internet Software & Services	26.5
Software	25.6
Semiconductors & Semiconductor Equip.	16.6
Tech. Hardware, Storage & Peripherals	9.8
Elec. Equip. Instruments & Components	3.7
Internet & Direct Marketing Retail	3.5
Communications Equipment	2.3
IT Services	1.9
Machinery	1.2
Aerospace & Defense	1.0
Other	3.0
Cash	5.0



### Geographic Exposure (%)

US & Canada	69.8
Asia Pac (ex-Japan)	13.5
Japan	4.9
Europe (ex UK)	4.4
UK	1.6
Middle East & Africa	0.7
Latin America	0.1
Cash	5.0



### Top 15 Holdings (%)

Microsoft	7.8
Alphabet	7.7
Apple	6.6
Facebook	5.8
Tencent	3.5
Alibaba Group Holding	3.0
Samsung Electronics	2.7
Amazon	2.7
Intel	2.1
Adobe Systems	1.9
TSMC	1.7
Salesforce.com	1.7
NVIDIA	1.4
Texas Instruments	1.3
ASML Holding	1.2

**Total** 51.1

**Total Number of Positions** 107

### Market Capitalisation Exposure (%)

Large Cap (>\$10bn)	77.9
Mid Cap (\$1bn - \$10bn)	20.6
Small Cap (<\$1bn)	1.4

## Investing in the Trust and Shareholder Information

### Market Purchases

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

### Share Dealing Services

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

**Telephone** 0800 876 6889  
**Online** [www.shareview.co.uk](http://www.shareview.co.uk)

### Savings Scheme & ISA

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

### Corporate Contacts

#### Registered Office and Website

16 Palace Street, London SW1E 5JD  
[www.polarcapitaltechnologytrust.co.uk](http://www.polarcapitaltechnologytrust.co.uk)

#### Custodian

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

#### Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA  
[www.shareview.co.uk](http://www.shareview.co.uk)

### Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid July
Next AGM	6 September 2018
Continuation Vote	2020 AGM
Listed	London Stock Exchange

### Codes

#### Ordinary Shares

ISIN	GB0004220025
SEDOL	0422002
London Stock Exchange	PCT

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Note: Totals may not sum due to rounding.

## Fund Manager Comments

As at 31 May 2018

### Market Review

While equities were decidedly mixed in May, US Dollar strength/Sterling weakness resulted in the FTSE World Index rising 3.3% during the month (in GBP terms). The backdrop of higher US yields and a stronger US Dollar appeared to be contributing to funding pressures in Argentina and Turkey alongside significant outflows from emerging market (EM) equity and bond funds. Unsurprisingly against this backdrop emerging markets underperformed in May as the MSCI EM Index fell -3.5% (in US\$ terms).

May proved a highly eventful month as Italian political turmoil, the resurfacing of trade disputes and a mini EM crisis combined to rattle markets at various stages over the period. The political gridlock in Italy came to the fore as fresh elections looked a possibility, opening the risk of further gains by the anti-Europe populist parties whilst stoking fears that the vote could act as a de-facto referendum on Italy's membership in the EU. Italian debt markets plunged with the fallout encompassing European banking stocks with the DJ Stoxx 600 Banks Index falling -9.0% (in EUR terms). By month end a sense of calm had resumed as further talks led to a populist coalition government finally being formed.

Trade dispute concerns also resurfaced as the US announced it would impose tariffs on steel and aluminium imports from the EU, Canada and Mexico. These three economies had initially escaped the tariffs introduced to the rest of the world in March, but the US has now decided it will no longer offer an exemption, which may result in retaliatory measures. Separately the US also revived its previously suspended plan to place tariffs on US\$50bn of industrial imports from China. Uncertainty around trade is likely to persist as the Trump administration seeks to reduce the US deficit.

### Technology Review

The technology sector significantly outperformed the broader market in May, the Dow Jones World Technology Index gained +9.3% during the month (in US\$ terms).

A few of our holdings made interesting bolt-on acquisitions during the month. Adobe Systems\* acquired ecommerce software company Magento\*\* for US\$1.7bn, while PayPal Holdings\* acquired European payments upstart iZettle for US\$2.2bn, just prior to its planned IPO. In early June, Microsoft\* announced they would acquire the developer platform GitHub\*\* for US\$7.5bn. All three deals make sense to us while a revival of M&A activity will likely prove supportive for technology valuations, public or private. After a relatively quiet year last year on the M&A front we are hopeful that activity will pick up in the sector.

The much-anticipated General Data Protection Regulation (GDPR) came into force on 25 May. The regulation was formed with the aim of modernising laws that protect the personal information of individuals in Europe. There is likely to be some disruption, especially over the first days or weeks post implementation, and we will be vigilant to monitor any impacts to the companies within our portfolio.

Off-quarter reports in May provided a continuation of the positive trend we witnessed in April. In the semiconductor sector Micron Technology\* performed extremely well during the month as the company positively pre-announced results prior to its Analyst Day. Revenues and earnings were ahead of consensus. A US\$10bn share repurchase program was also announced, together with a plan to return more than 50% of FCF to shareholders. On the other hand, semiconductor equipment giant Applied Materials\* delivered mixed results with strong revenues overshadowed by a reset in display expectations due to weak smartphone orders.

In internet/gaming, Tencent\* beat earnings expectations as mobile game revenues posted a strong +68% year-on-year (y/y) growth rate while PC

game revenues were flat and better than feared. WeChat reached the 1bn Monthly Active Users (MAU) milestone while WePay revenues grew more than 100% y/y. UBISOFT Entertainment\* also posted impressive results beating on both the revenue and operating profit lines. Higher monetisation via microtransactions, known as player recurring investment (PRI) contributed to the beat. Far Cry 5, released on 27 March, was UBISOFT Entertainment's second biggest game release ever, enjoying US\$310m of total sales in its first week.

Software fundamentals were notably strong but share price performance has been more mixed due to very high investor expectations. Salesforce.com\* delivered a solid beat and guidance raise, with operating margins of 17% and billings +19% y/y both exceeding expectations. All product lines contributed to the strong revenue growth with a re-acceleration of Service Cloud to +29% y/y being the stand out. Other strong results included Twilio\*, New Relic\* and Axon Enterprise\*.

Splunk\*, however, failed to meet high expectations despite comfortably beating consensus revenue numbers. Cloud revenues increased +89% y/y and License revenue grew +36% y/y, dispelling fears that Cloud is cannibalising the core on prem business. However, billings (arguably a less relevant metric following an accounting change) grew a disappointing +18% y/y, raising some questions about the quality of the beat. Whilst none of the software results were problematic there were a couple of soft spots.

Box\* was the most disappointing of our holdings with a mixed earnings report. Revenues were modestly ahead of consensus while EPS was inline. Although large deal activity remained robust, several key performance metrics such as billings, retention rate and new customer numbers were all below expectations. Recent product and go-to-market investments are yet to show a material with guidance implying a more back-end loaded year. As such we have reduced exposure. 8x8\* also delivered a lacklustre set of numbers with a top line beat accompanied by increased investment in the quarter and for FY'19 as management believe it can accelerate revenues and are investing ahead of this opportunity.

### Market Outlook

We remain constructive on equity markets and the technology sector and with the first-quarter earnings season nearing completion, our positive views have only been further cemented. However, we expect late cycle strength to be interceded with market headwinds (tighter labour markets, rising interest rates/yields) which together with heightened political risk could manifest as higher levels of volatility. We also continue to believe that with most traditional valuation measures above long-term averages that market progress will become increasingly dependent on underlying revenue, earnings and cash flow growth.

Fortunately for the majority of our portfolio companies, fundamentals remain supportive. Xuesong has just returned from meeting companies in Asia while both Nick and Ben have been in the US. The overall tone has been the most constructive since the financial crisis. This likely echoes the improving, and more synchronised global economic upturn together with benefits associated with tax reform/cash repatriation and – most importantly – disruption that is fuelling a need to undertake a so-called 'digital transformation'.

This has – and should continue to – benefit the software sector which also remains far from the epicentre of smartphone-related weakness and trade uncertainty. However, software valuations have expanded over recent months reflecting the heady mix of strong fundamentals and improved investor sentiment. While it remains a core area of exposure, we have been taking profits and rotating the proceeds into both the internet sector (where

## Fund Manager Comments

As at 31 May 2018

valuations remain undemanding) and robotics (following an extensive reset tied to Apple capex-related weakness). We have also retained some liquidity and a modest QQQ NASDAQ ETF put option to soften the beta of the Fund in the event of sell-off and to provide us with firepower to buy back into software stocks on any setback.

We remain excited about our new cycle thesis that appears to be gathering strength with every earnings season. We see a growing divergence between incumbents and next-generation companies now that the Cloud has become the default compute platform. This bifurcation is likely to intensify from here as workloads continue to gravitate towards the public cloud, while emerging technologies such as artificial intelligence (AI) – where the internet platforms enjoy a leadership position – are likely to accelerate this trend. As such, we believe our jaundiced view of the value of incumbency is likely to continue to be rewarded as these growth-challenged winners of yesteryear struggle to meet expectations, maintain margins and engage in greater M&A in order to remain relevant. If our thesis is indeed playing out, it should provide a multi-year tailwind for our growth centric investment approach at a time when technology indices may be weighed down by smartphone maturity and exposure to legacy technologies.

\* Held

\*\* Not held

### Ben Rogoff

11 June 2018

#### 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 22 years of industry experience.



**Nick Evans** - Senior Fund Manager

**Fatima Iu** - Fund Manager

**Xuesong Zhao** - Fund Manager

**Chris Wittstock** - Senior Investment Analyst

**Bradley Reynolds** - Investment Analyst

**Paul Johnson** - Investment Analyst

# Polar Capital Technology Trust plc

## Important Information

**Important Information** This document is provided for the sole use of the intended recipient and is not a financial promotion. It shall not and does not constitute an offer or solicitation of an offer to make an investment into any fund or Company managed by Polar Capital. It may not be reproduced in any form without the express permission of Polar Capital and is not intended for private investors. This document is only made available to professional clients and eligible counterparties. The law restricts distribution of this document in certain jurisdictions; therefore, it is the responsibility of the reader to inform themselves about and observe any such restrictions. It is the responsibility of any person/s in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Polar Capital Technology Trust plc is an investment company with investment trust status and as such its ordinary shares are excluded from the FCA's (Financial Conduct Authority's) restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply. It is not designed to contain information material to an investor's decision to invest in Polar Capital Technology Trust plc, an Alternative Investment Fund under the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") managed by Polar Capital LLP the appointed Alternative Investment Manager. In relation to each member state of the EEA (each a "Member State") which has implemented the AIFMD, this document may only be distributed and shares may only be offered or placed in a Member State to the extent that (1) the Fund is permitted to be marketed to professional investors in the relevant Member State in accordance with AIFMD; or (2) this document may otherwise be lawfully distributed and the shares may otherwise be lawfully offered or placed in that Member State (including at the initiative of the investor). As at the date of this document, the Fund has not been approved, notified or registered in accordance with the AIFMD for marketing to professional investors in any member state of the EEA. However, such approval may be sought or such notification or registration may be made in the future. Therefore this document is only transmitted to an investor in an EEA Member State at such investor's own initiative. SUCH INFORMATION, INCLUDING RELEVANT RISK FACTORS, IS CONTAINED IN THE COMPANY'S OFFER DOCUMENT WHICH MUST BE READ BY ANY PROSPECTIVE INVESTOR.

**Statements/Opinions/Views** All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. This material does not constitute legal or accounting advice; readers should contact their legal and accounting professionals for such information. All sources are Polar Capital unless otherwise stated.

**Third-party Data** Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any data contained herein.

**Holdings** 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 Company. 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 Company's best interest to do so. 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. This document is not a recommendation to purchase or sell any particular security. It is designed to provide updated information to professional investors to enable them to monitor the Company.

**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](http://www.djindexes.com) for further information on this index. Comparisons to benchmarks have limitations as benchmarks volatility and other material characteristics that may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Company may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Company may incur. The performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund was similar to the indices in composition or risk. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

**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, 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the investment manager which can reasonably be expected to provide one investor with more materially favourable rights, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Registrar on 0800 876 6889. The Fund is prepared to instruct the custodian of the Fund, upon request, to make available to investors portfolio custody position balance reports monthly in arrears.

**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 estimates of actual returns Polar Capital may achieve. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that have not and may not take place.

**Performance/Investment Process/Risk** Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Factors affecting the Company's performance may include changes in market conditions (including currency risk) and interest rates and in response to other economic, political, or financial developments. The Company's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Company to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Those in possession of this document must read the Company's Investment Policy and Annual Report for further information on the use of derivatives. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Investments are not insured by the FDIC (or any other state or federal agency), or guaranteed by any bank, and may lose value. 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.

**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 or prospectus for a description of the investment allocations as well as the risks associated therewith. Please note that the Company may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Company is dependent on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the Company while minimizing its risk. The actual investments in the Company may or may not be the same or in the same proportion as those shown herein.

**Country Specific Disclaimers** The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") and the holders of its shares will not be entitled to the benefits of the Investment Company Act. In addition, the offer and sale of the Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). No Securities may be offered or sold or otherwise transacted within the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act). In connection with the transaction referred to in this document the shares of the Fund will be offered and sold only outside the United States to, and for the account or benefit of non U.S. Persons in "offshore- transactions" within the meaning of, and in reliance on the exemption from registration provided by Regulation S under the Securities Act. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Any failure to comply with the above restrictions may constitute a violation of such securities laws.