Polar Capital Technology Trust plc

POLAR CAPITAL

Trust Facts

Ordinary Shares

Share Price	1148.00p
NAV per share	1117.70p
Premium	2.71%
Discount	-
Capital	133,515,000 ordinary shares of 25p

Assets & Gearing [1]

Total Net Assets	£1,492.3m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	5.98%

Benchmark

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

Fees [2,3,4]

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

FX Rates

GBP/USD	1.3537
GBP/EUR	1.1353
GBP/JPY	151.4802

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.

Company Profile

Investment Objective

The Company aims to maximise capital growth for shareholders 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.

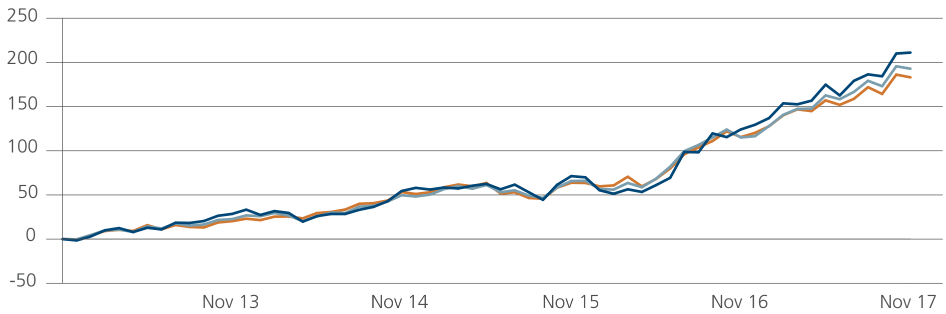
Full details of the Investment Objective, Rationale and Strategy are available on the company's website.

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, and exploiting international valuation anomalies and sector volatility.

Performance

Performance over 5 years (%)



	1 Month	3 Months	6 Months	1 Year	5 Years
Ordinary Share Price	0.35	8.61	13.21	38.81	211.11
NAV per Share	-0.92	4.89	11.52	36.18	192.87
Benchmark	-1.07	4.12	10.15	31.39	183.10

Discrete Performance (%)

	30/04/17 30/11/17	30/04/16 30/04/17	30/04/15 30/04/16	30/04/14 30/04/15	30/04/13 30/04/14
Ordinary Share Price	21.22	67.31	-4.39	33.94	10.92
NAV per Share	18.22	56.13	1.05	30.71	11.17
Benchmark	15.61	53.38	-0.11	29.46	13.07

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

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

Awards & Ratings

Polar Capital LLP 16 Palace Street, London, SW1E 5JD

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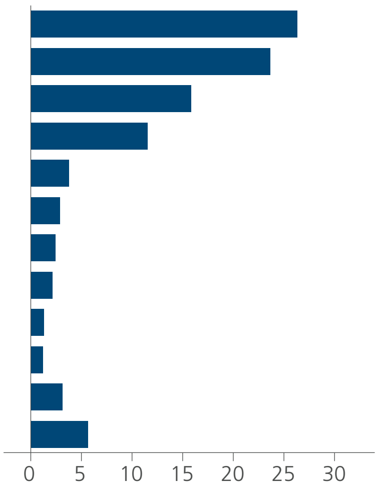
Polar Capital Technology Trust plc

Portfolio Exposure

As at 30 November 2017

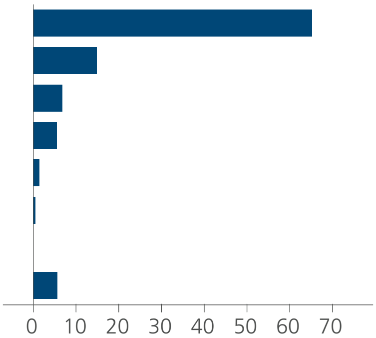
Sector Exposure (%)

Internet Software & Services	26.3
Software	23.7
Semiconductors & Semiconductor Equip.	15.9
Tech. Hardware, Storage & Peripherals	11.6
Elec. Equip. Instruments & Components	3.8
Internet & Direct Marketing Retail	2.9
IT Services	2.4
Machinery	2.2
Communications Equipment	1.3
Chemicals	1.2
Other	3.1
Cash	5.6



Geographic Exposure (%)

US & Canada	65.2
Asia Pac (ex-Japan)	14.8
Japan	6.8
Europe (ex UK)	5.5
UK	1.4
Middle East & Africa	0.5
Latin America	0.0
Cash	5.6



Top 15 Holdings (%)

Alphabet	7.3
Apple	7.2
Microsoft	6.4
Facebook	5.9
Samsung Electronics	3.8
Tencent	3.2
Alibaba Group Holding	2.5
Amazon	2.5
TSMC	1.7
Applied Materials	1.4
Salesforce.com	1.3
ASML Holding	1.3
Adobe Systems	1.3
NVIDIA	1.3
Advanced Micro Devices^	1.3
Total	**48.4**

Total Number of Positions **115**

Market Capitalisation Exposure (%)

Large Cap (>$10bn)	76.8
Mid Cap ($1bn - $10bn)	21.0
Small Cap (<$1bn)	2.2

^The Trust holds AMD Call options which represent 1bp of NAV and a delta adjusted exposure of 0.06%. The Trust also holds a QQQ (NASDAQ) Put option which represents 17bps of NAV and a delta adjusted exposure of -3.12%. All are held to reduce risk/beta (in the event of a market correction) whilst maintaining optimal portfolio structure (efficient portfolio management). The delta adjusted impact of these options is only reflected in the top 15 positions table all other exposure tables are based on MTM figures.

Investing in the Trust and Shareholder Information

Market Purchases

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

Share Dealing Services

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

Telephone 0800 876 6889

Online www.shareview.co.uk

Savings Scheme & ISA

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

Corporate Contacts

Registered Office and Website

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

Custodian

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

Registrar

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

Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid June
Next AGM	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 30 November 2017

Market Review

Although equities continued their strong run during November, Sterling strength left the FTSE World Index essentially unchanged (+0.1%) during the month in GBP terms. A significant dispersion of returns was witnessed across global equity markets although these were ameliorated by currency movements. While Japan continued to demonstrate leadership, the S&P 500 Index continued its amazing run of positive monthly total returns (in local terms) – now thirteen consecutive months – eclipsing the prior record of twelve months seen in 1935-36 and 1949-50. The opportunity to reach a full calendar year of positive total returns remains in sight and would represent a significant waypoint on the post-financial crisis recovery.

The financial sector was a noteworthy outperformer, particularly in the final days of November, as the prospect of US tax reform returned to the fore, leading to sector rotation similar to that following President Trump's surprise election victory a year earlier. Mirroring the earlier period, technology stocks gave up some ground as investors took advantage of exceptional year-to-date returns to lock in gains on the premise that the sector is not the main beneficiary of the proposed tax cuts. That said, if the tax bill is passed, then repatriation of overseas cash into the US at a lower tax rate would benefit the technology sector disproportionately and may accelerate M&A activity and/or boost earnings via buybacks.

Macroeconomic data certainly remains supportive with US third-quarter (Q3) GDP revised higher to an annualised +3.3%, reflecting improved economic momentum (a view supported by the upbeat tone in our recent company meetings). The US Federal Reserve committee minutes showed the members broadly agree with this prognosis and provided further evidence supportive of a December rate hike already largely anticipated by the market. Globally economic data also remained robust as the Eurozone composite and manufacturing PMI's rose to 57.5 (a six-year high) and 60.0 (a 17-year high) respectively. Even in China both the Manufacturing PMI and Non-Manufacturing PMI increased in November, confounding expectations of a modest decline.

Technology Review

The technology sector underperformed the broader market during the month as investors locked in profits in favour of year-to-date underperforming sectors and perceived beneficiaries of tax reform, the Dow Jones World Technology Index TR falling 1.1% in Sterling terms. November witnessed two of the biggest eCommerce shopping events of the year. In the US the Monday following Thanksgiving, commonly known as Cyber Monday (CM), was the largest online sales day in history with US$6.59 billion spent. This represented online sales growth of +17% year-on-year (y/y) for Cyber Monday and +14% growth for the whole five-day holiday weekend. Amazon* was a clear beneficiary as they announced that CM was the company's single biggest shopping day ever. In China the Singles' Day promotion (a similar discounted sales event) witnessed a record high gross merchandise value (GMV) of CNY 168 billion (US$25bn) on Alibaba's* Tmall platform. This represented growth of +39% y/y, an acceleration from +32% in 2016. Both events aptly highlight the trend of consumers increasingly shifting their discretionary spend to online channels, relatively low eCommerce penetration and the faster growth available in Asian markets. Notably the Nintendo* Switch was named as one of the top selling items on Cyber Monday along with the Amazon Echo (a voice-activated home hub) and Google's Chromecast (a video streaming accessory).

The month also witnessed a continuation of strong technology results during what has been an impressive third-quarter earnings season. In Internet, Tencent* produced another stellar quarter with even greater revenue acceleration. Mobile gaming revenue growth of +84% y/y was the key driver alongside >100% growth in Tencent Video, which has become the leading video streaming platform in China. Tencent also hit a significant milestone intra-month as its market-cap broke through the US$500 billion level and surpassed Facebook in market value to become the world's fifth most valuable company. In software, Salesforce.com* delivered a strong quarter with revenues and EPS beating consensus and total billings of +24% y/y significantly exceeding expectations. This came alongside operating margin expansion, albeit with the tailwind benefit of the annual Dreamforce conference falling in Q4 this year. A conservative Q4 guidance implying billings growth of only 16% was the slight disappointment, but is against a difficult comparison. Meanwhile Splunk* reported a strong quarter that exceeded expectations across all major metrics – license revenue +29% y/y with strong growth in the Public Sector and the EMEA region whilst its Cloud solution reached 7% of total revenues. Management noted multiple deals done through AWS this quarter, alongside announcing partnerships with Booz Allen and Accenture – which could significantly improve sales efficiency should they prove successful.

In Networking (a sector where we have limited exposure) Cisco (** not held) beat on revenues and earnings through higher service revenues and a more modest decline in switching. While sales fell -1.7% y/y, management surprised by guiding for y/y growth to resume next quarter for the first time in five quarters. Another company we don't hold, Palo Alto Networks**, continued its own turnaround story with a third consecutive beat on billings growth, a piece of welcome news in the security space where spending trends have been more mixed recently. Within this sector we have focused our exposure on email security and privileged account management (Proofpoint*, Mimecast* and CyberArk*) and continue to avoid more mature areas (firewall/AV and perimeter security companies) as the threat landscape evolves. Whilst companies have yet to see any benefit, we are optimistic that European spend will increase here around GDPR regulations – due to come into force in May 2018 – which mandate breach disclosure and penalties of up to 4% of global turnover for failure to take sufficient protective measures.

Despite performance to the contrary during the month semiconductors and semiconductor equipment sector results continue to impress with Applied Materials* reporting strong results with a beat and raise and upbeat FY18 revenue guidance predicting a fifth straight year of consecutive growth. Management highlighted the technology inflection drivers of AI, Big Data and IoT that are driving sustained demand for sensors, memory, storage and advanced compute and that will maintain wafer fab equipment demand at the current high levels. Semiconductor M&A roared back with Broadcom** making an audacious US$102bn bid to acquire Qualcomm** which if successful, would represent one of the largest technology deals ever. This was followed by the acquisition of Cavium** by Marvell Technology** for US$6bn.

Market Outlook

Global growth remains at levels 'just about right' to keep earnings estimates ticking higher, but insufficient to accelerate inflation and the pace of interest rate tightening. While the number of Americans collecting unemployment benefits has recently fallen to the lowest level since Richard Nixon was President, labour market improvement has (thus far) had limited impact on core inflation in advanced economies. As we have previously suggested, persistently soft wage growth suggests that the labour market is less robust than headline employment data might indicate (in-line with our view) that technology and globalisation have changed the labour/capital relationship. Absent an economic shock, we therefore expect interest rates to continue rising gradually and for further tapering/removal of quantitative easing (QE) in 2018 due to the strengthening global economic outlook (a good thing for

Fund Manager Comments

As at 30 November 2017

our sector and companies). This gradualist view was recently supported by the nomination of Jay Powell to the position of Federal Reserve chair.

Absent an inflation shock we therefore expect policymakers to tread carefully but continue the current path of interest rate normalisation. Against this backdrop (and with valuations already above their longer-term averages) significant multiple expansion for both the market and the technology sector is likely to prove more challenging which – all things being equal – should see earnings/cashflow/dividend growth become the key drivers of investment returns. If so, this could suggest a continuation of the existing favourable tailwinds for our approach although lower corporate taxes, rising interest rates and a strengthening global economy may also increase the relative appeal of other sectors such as financials. Technology fundamentals certainly remain robust. According to the Merrill Lynch Equity & Quant Strategy team, Q3 2017 results saw 71% of S&P 500 technology companies report earnings/revenue ahead of consensus expectations. Not only was this the strongest reading of any S&P 500 sector but it was an acceleration (from 67% in Q3, 62% in Q2 and 61% in Q1) and the highest quarterly reading of any sector since Q1 2014. This data supports our view that technology outperformance is driven by secular adoption trends and expansion of the addressable market for technology companies as they disrupt and capture the profit pools of other previously unrelated industries. We expect the pace of innovation (and associated disruption) to accelerate in coming years as artificial intelligence (AI) further enriches those companies that successfully embrace it.

It is no surprise to see some profit-taking as we approach year end following a strong run of performance. We have done the same ourselves by modestly increasing our cash position to 5.6% and via a 13bp purchase of QQQ (NASDAQ) ETF put options in order to reduce portfolio risk in the event of either the current rotation worsening or a market sell-off between now and Q4 earnings season. Despite this, we remain constructive on equity markets and the technology sector alike based on the uniqueness of the current investment backdrop and our new cycle thesis first articulated almost a decade ago driven by a belief that the internet would reorder the technology landscape. We still remain high conviction in our eight core secular themes which include eCommerce and digital payments, digital marketing and advertising, cyber and physical security, Cloud computing and artificial intelligence (AI), software as a service (SaaS), digital content and gaming, robotics and automation and rising semiconductor complexity.

* Held

** Not held

Ben Rogoff

13 December 2017

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

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

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.

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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.

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