POLAR CAPITAL

Polar Capital Technology Trust plc

29 September 2023

Trust Fact Sheet

Ordinary Shares

Share Price	2225.00p
NAV per share	2558.62p
Premium	-
Discount	-13.04%
Capital	123,696,067 shares of 25p*

*Excluding Ordinary shares held in treasury

Assets & Gearing [1]

Total Net Assets	£3,164.9m
AIC Gearing Ratio	n/a
AIC Net Cash Ratio	4.99%

Fees [2 3]

Management Fees	
£0 - £2bn	0.80%
£2bn - £3.5bn	0.70%
Over £3.5bn	0.60%
Performance	10.00% over Benchmark
Ongoing Charges	0.81%

Fund Managers

Ben Rogoff
Partner
Ben has directed the Trust since 2006, he joined Polar Capital in 2003 and has 28 years of industry experience.

Alastair Unwin
Deputy Manager
Alastair became Deputy Manager in 2023, he joined Polar Capital in 2019 and has 12 years of industry experience.

Nick Evans	Partner
Xuesong Zhao	Partner
Fatima Iu	Fund Manager
Paul Johnson	Investment Analyst
Nick Williams	Investment Analyst
Patrick Stuff	Investment Analyst
Fred Holt	Investment Analyst
Lina Ghayor	Investment Analyst

Fund Awards

aic Shareholder Communication Awards 2023 WINNER

PORTFOLIO ADVISER FUND AWARDS '20 GOLD SECTOR SPECIALIST LAST WORD

WINNER Investment Awards 2023 Technology/ Biotech – Active POLAR CAPITAL TECHNOLOGY PLC

Trust Profile

Investment Objective

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

Key Facts

- One of the largest dedicated tech investment teams in Europe
- Theme-based approach to stock selection
- Looking for the best small, medium or large companies across the globe
- Launched in 1996, it has a multi-cycle track record

Investment Policy

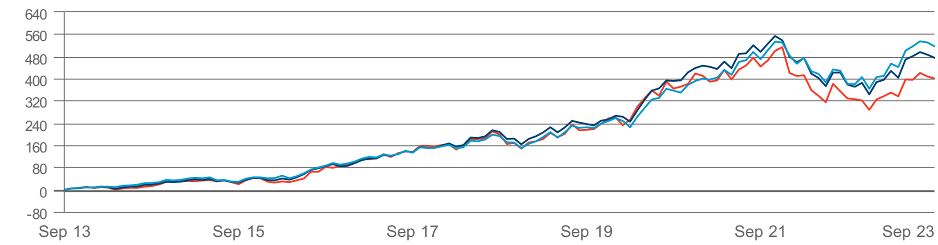
The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

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.

Performance

Performance over 10 years (%)



	1 month	3 month	YTD	1 year	3 years	5 years	10 years
Ordinary Share Price (TR)	-1.55	0.91	29.06	16.74	7.75	67.29	400.56
NAV per share	-1.94	-1.01	29.71	20.19	16.96	86.88	475.37
Benchmark	-2.27	-0.04	32.94	28.21	34.84	110.18	516.49

Discrete Annual Performance (%) [4]

	Financial YTD	30.09.22 29.09.23	30.09.21 30.09.22	30.09.20 30.09.21	30.09.19 30.09.20	28.09.18 30.09.19
Ordinary Share Price (TR)	14.69	16.74	-21.17	17.09	47.08	5.56
NAV per share	14.26	20.19	-19.78	21.31	46.14	9.33
Benchmark	13.73	28.21	-15.63	24.66	40.73	10.76

Performance relates to past returns and is not a reliable indicator of future returns.
Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, total return, Net of Fees in GBP terms.
1. Gearing calculations are exclusive of current year Revenue/Loss.
2. The performance fee is subject to a high watermark and cap. Further details can be found under Corporate Documents of the Company's website: http://www.polarcapitaltechnologytrust.co.uk.
3. Ongoing charges are calculated at the latest published year end date, and exclude any performance fees.
4. The end of the financial year for the Company is the final day of April each year.

Risk Warning Your capital is at risk. You may not get back the full amount you invested. Please note the Risks and 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.

Portfolio Exposure

As at 29 September 2023

Top 10 Positions (%)

Microsoft^	10.7
Apple	8.0
Alphabet	7.8
NVIDIA	7.7
Meta Platforms (Facebook)	4.2
Advanced Micro Devices	3.2
Samsung Electronics	2.8
TSMC	2.1
Amazon	2.1
Crowdstrike Holdings	1.7
Total	**50.3**

^The Trust may hold call and/or put options for Efficient Portfolio Management. The Microsoft position reflects an equity holding of 9.87% with the remainder explained by a call option with delta-adjusted exposure of 0.83% and premium value of 0.07% at month end.

Total Number of Positions 90

Market Capitalisation Exposure (%)

Large Cap (>US$10 bn)	89.6
Mid Cap (US$1 bn - 10 bn)	9.6
Small Cap (<US$1 bn)	0.7

Trust Characteristics

Launch Date	16 December 1996
Year End	30 April
Results Announced	Mid July
Next AGM	September
Continuation Vote	2025 AGM
Listed	London Stock Exchange

Benchmark

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

FX Rates

GBP/USD	1.2206
GBP/EUR	1.1528
GBP/JPY	182.1366

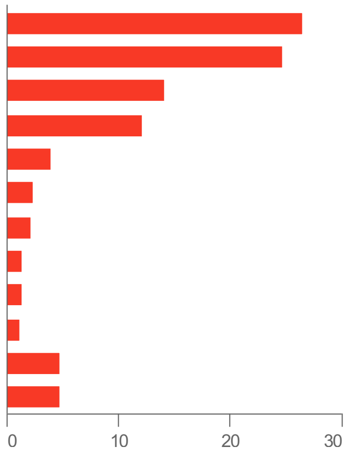
Codes

Ordinary Shares

ISIN	GB0004220025
SEDOL	0422002
London Stock Exchange	PCT

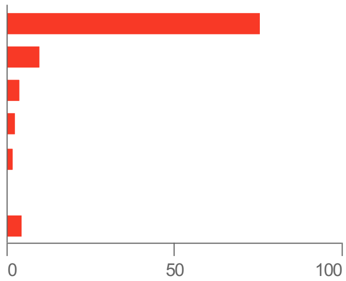
Sector Exposure (%)

Software	26.6
Semiconductors & Semiconductor Equip.	24.9
Interactive Media & Services	14.3
Tech. Hardware, Storage & Periph.	12.2
IT Services	3.9
Electronic Equipment, Instruments & Components	2.4
Broadline Retail	2.1
Communications Equipment	1.4
Financial Services	1.3
Automobiles	1.3
Other	4.7
Cash	4.9



Geographic Exposure (%)

US & Canada	75.9
Asia Pac (ex-Japan)	10.0
Japan	4.3
Europe (ex UK)	2.6
Middle East & Africa	2.0
UK	0.3
Cash	4.9



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.

Note: Totals may not sum due to rounding. 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.

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

Corporate Contacts

Registered Office and Website
16 Palace Street, London SW1E 5JD
www.polarcapitaltechnologytrust.co.uk

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

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

Fund Managers' Comments

Key points

- Global equity markets had a tough month, partly on the back of a further rise in US Treasury yields
- The technology sector modestly underperformed the broader equity market, with all subsectors under pressure
- We remain very enthusiastic about the AI opportunity and look forward to several potential catalysts over the next few months

Market review

Global equity markets continued to decline in September. The MSCI All Country World Net Total Return Index returned -0.6% while the S&P 500 Index and the DJ Euro Stoxx 600 Index delivered -1.2% and -0.4% respectively (in sterling terms). This was the fourth September in a row that both the S&P 500 and DJ Euro Stoxx 600 declined.

Market sentiment was impacted by a further rise in US Treasury yields and, despite an easing labour market, the 10-year yield rose to its highest point since October 2007. The move was driven by several inflation measures which accelerated year-on-year (y/y), driven by rising energy prices. Brent crude increased from $87 per barrel to $95 during the month. Other factors may have included increased Treasury issuance after the debt ceiling was raised, ongoing quantitative tightening (lower demand from the Federal Reserve) and commentary from some Federal Reserve board members indicating they expect interest rates to stay higher for longer.

The US Consumer Price Index (CPI) rose +0.6% m/m in August, in line with market expectations but a notable acceleration from +0.2% in July, driven mostly by rising gasoline costs. The annual inflation rate accelerated from +3.2% y/y to +3.7% y/y in August (above forecasts of +3.6% y/y) but remains meaningfully below peak levels. Core CPI, which excludes volatile items such as food and energy, slowed for the fifth month to +4.3% y/y, from +4.7% y/y in July. Forward-looking inflation measures, however, continue to appear relatively benign. The Producer Price Index (PPI) only increased +1.6% y/y in August, although this was above forecasts of +1.2% y/y due to higher energy prices.

The US labour market remains resilient but is, encouragingly, slowing down. The US economy added 187,000 jobs in August (above forecasts of 170,000), despite the Hollywood writers' strikes and the bankruptcy of Yellow, a large trucking company. However, payroll growth over the previous two months was revised down by 110,000, taking the three-month moving average down to 150,000 – the lowest level since 2021. Average hourly earnings only increased +0.2% m/m in August (below forecasts), down from +0.4% m/m in July.

As anticipated, the Federal Reserve (Fed) left its policy rate unchanged at 5.25-5.5% (a 22-year high) at its September meeting. There was, however, a significant adjustment to its interest rate projections. One more 25 basis point (bp) rate hike is expected this year and only 50bps of cuts in 2024 (down from 100bps in the June projections). The implication is the Fed wants the markets to believe in its 'higher for longer' mantra. This was justified by upgraded economic forecasts, with higher economic growth and lower unemployment projections implying an increased likelihood of an 'immaculate disinflation' path whereby inflation can come down without a meaningful increase in the unemployment rate.

Technology review

The technology sector underperformed the broader market during September as the Dow Jones Global Technology Index returned -2.3%. Large-cap technology stocks outperformed their small and mid-cap peers; the Russell 1000 Technology Index (large cap) and Russell 2000 Technology Index (small cap) returned -2.4% and -4.4% respectively.

All major technology subsectors came under pressure. The Philadelphia Semiconductor Index (SOX) returned -2.8%, while the NASDAQ Internet Index and Bloomberg Americas Software Index returned -1.8% and -1.4% respectively.

During the month, there were a few notable results. In the software sector, Adobe Systems (Adobe) delivered better than expected top and bottom-line results and guidance. Operating margin was 46.3% in the quarter, the third-highest quarterly margin in the company's history, despite bearing costs related to generative AI without yet realising any revenue to offset those costs. Management attributed this performance to a higher level of scrutiny on expenses. The company recently announced the commercial launch of Firefly, its generative-AI web app, and Firefly-powered capabilities are now integrated across other products. The pricing strategy involves a combination of subscription (for a certain number of credits which will reset each month) and consumption (for additional credits required).

Cloud infrastructure provider Zscaler delivered strong results, beating expectations across the board, with the key billings growth metric of +38% y/y coming in above market forecasts of +27% y/y, driven by healthy new customer growth, particularly within the large enterprise segment. Initial FY24 billings growth guidance was better than expected at +25% y/y, although free cashflow margin guidance was a touch light as the company intends to invest in more datacentre capacity. Long-term growth drivers remain intact. Recent Chief Investment Officer surveys[1] showed that the secure access service edge (SASE) segment where Zscaler is well positioned is a growing spending priority within cybersecurity, and their data protection capabilities help prevent the leakage of sensitive data through AI prompts.

MongoDB, an opensource database platform, reported strong results with revenue up +40% y/y and operating margins well above expectations. The results show the resilience of the core database product in the face of a difficult operating environment. Management issued better than expected guidance for the next quarter and raised their full-year guidance as better consumption trends are expected to flow into the rest of the year. We believe the company has a long runway for growth given its low penetration of the $91bn database market and the potential for the database layer to be an important beneficiary of AI growth.

Chinese online travel agency Trip.com reported strong results, with net revenues +180% y/y (29% above 2Q19, before the pandemic) and an operating margin of 31% (up from 19% in 2Q19) driven by robust pent-up demand domestically, steady outbound recovery and operating leverage. Management commentary about Q3 was also positive, noting strong seasonality thanks to the summer holidays and National Day Golden Week, and continued robust demand, primarily driven by leisure travel. That said, Chinese domestic travel

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momentum may see a slowdown due to weak seasonality in 4Q23, so we reduced our exposure.

In other news, Cisco (not held) announced its intention to acquire Splunk for c$28bn (a 31% premium to the prior closing price) in an all-cash deal. This would be Cisco's largest acquisition ever and it is expected to close by 3Q24. Encouragingly, the valuation multiple paid (6.4x enterprise value/calendar year (CY) 2024 sales or 26.2x enterprise value/CY24 free cashflow) is higher on a growth-adjusted basis than other recent takeouts in software/security.

Outlook

The significant rise in US bond yields to multi-decade highs has put downward pressure on many risk assets including growth equities and raised concerns about the downstream impact of interest rates that might remain higher for longer, even as inflation expectations remain well-anchored. The scale of the move in yields has been significant and by the end of the month Treasury yields had posted their largest quarterly rise since 1Q09 (bond yields move inversely to prices). The risks associated with the increased cost of debt are widespread. Goldman Sachs have estimated that US federal interest expense could rise from 2% of GDP in 2022 to 3% in 2024 and surpass the early 1990s peak by 2025, with concerns about the political will to tackle the growing US fiscal deficit to which this would contribute. The narrowly averted US government shutdown and recent downgrade by US rating agency Fitch have focused investors' attention from monetary policymakers (central bankers) towards their fiscal counterparts (politicians).

Political risk appears elevated across multiple vectors and continues to cloud the inflation outlook. This includes oil production cuts and the ongoing impact of the Ukraine war on energy prices, as well as risks from a more assertive Iran which can now produce material for a nuclear bomb within two weeks, according to a recent US report. It remains an open question as to whether the domestic US political backdrop is conducive to lower inflation as President Biden became the first sitting President to walk a picket line with the United Automobile Workers, and striking Hollywood writers only agreed to go back to work following a deal with the studios regarding working conditions and rules governing the adoption of AI. The next round of elections globally is likely to be fought on areas which will have far-reaching implications for inflation (e.g. fiscal spending, domestic industrial subsidies, the green transition and security spending).

The regulatory environment for Big Tech remains hostile as the US Federal Trade Commission (FTC) launched a long-awaited case against Amazon, and the Department of Justice case against Google continues. We will continue to monitor these closely although their resolution typically takes many years. Technology companies operate in highly competitive markets and we were encouraged by the testimony of the Microsoft CEO, Satya Nadella, during the Google trial in which he remarked "Do you think Google would continue to pay Apple if there was no search competition? Why would they do that?". There is always the possibility of genuinely detrimental remedies or enforcement actions as well as large fines, but we take comfort that while governments may take such actions, they also need to support their technology champions to stay at the forefront of AI innovation for geostrategic reasons.

As we move into Q4, there are several reasons to be more constructive on the technology outlook despite the headwind from higher interest rates. The technology sector is unique in enjoying a net cash position and within the portfolio we have always placed great emphasis on companies with strong balance sheets and at least line of sight to cashflow generation in the near term. When interest rates were lower, investors placed limited emphasis on this characteristic, but it may now bolster the sector's perceived defensiveness as the impact of higher rates exposes reliance on leverage in other areas of the market. Earlier this year mega-cap technology outperformed during the US regional banking crisis as a relative safe haven, in part, on this basis.

After a sharp pullback, expectations for Q3 technology earnings are somewhat muted. We expect the first indications of company growth expectations for 2024 to be conservative (even on easier y/y comparators) given the tight IT spending environment, but we fully expect the sector to grow in excess of the broader market as customers seek to use technology to drive efficiency and prepare for the onset of the AI era. Technology research specialists Gartner expects global IT spending growth to recover momentum and grow 6.8% in FY24, up from an expected 4.4% in FY23, and remain above 7% through to FY27 supported by generative AI spending.

There are a number of near-term catalysts which could ignite further enthusiasm for the AI investment theme, with products from a number of companies including Microsoft, Adobe and Meta Platforms becoming more generally available. Early feedback will be noisy but potentially significant in assessing the timeline to adoption and widespread monetisation of this extraordinary technological breakthrough. Over the longer term, we remain very enthusiastic about the AI opportunity and the potential for significant economic and market ramifications. A recent study from Morgan Stanley found that 25% of labour can be impacted by generative AI capabilities today, potentially rising to 44% of labour within three years, which could translate to a c$4.1trn economic impact. Given the challenging market and rates backdrop we have raised cash and added a small amount of NASDAQ put option protection – used to limit risk – but retained our pro-AI positioning across the portfolio. We believe we should be able to take advantage of any near-term price dislocations, should the market environment deteriorate further.

Ben Rogoff

10 October 2023

[1] PwC's self-service benchmarking platform

Risks

- **Investors' capital is at risk and there is no guarantee the Company will achieve its objective.**
- **Past performance is not a reliable guide to future performance.**
- **The value of investments may go down as well as up.**
- **Investors might get back less than they originally invested.**
- **The value of an investment's assets may be affected by a variety of uncertainties such as (but not limited to): (i) international political developments; (ii) market sentiment; and (iii) economic conditions.**
- **The shares of the Company may trade at a discount or a premium to Net Asset Value.**
- **The Company may use derivatives which carry the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions.**
- **The Company invests in assets denominated in currencies other than the Company's base currency and changes in exchange rates may have a negative impact on the value of the Company's investments.**
- **The Company invests in a concentrated number of companies based in one sector. This focused strategy can lead to significant losses. The Company may be less diversified than other investment companies.**
- **The Company may invest in emerging markets where there is a greater risk of volatility than developed economies, for example due to political and economic uncertainties and restrictions on foreign investment. Emerging markets are typically less liquid than developed economies which may result in large price movements to the Company.**

Glossary

Active Share a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its benchmark. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the benchmark. An active share of 100 indicates no overlap with the benchmark and an active share of zero indicates a portfolio that tracks the benchmark.

Alpha is the excess return on an investment in the Company compared to the benchmark and can be used as a measure of performance, where the benchmark is considered to represent the market's movement as a whole.

Call Option This describes a contract between the buyer and seller of an asset, which gives the buyer the right to purchase the underlying asset at a specified price within a specific time period.

Delta This is a ratio used to compare the change in price of an asset with the change in price of an option or derivative. It is often used to determine how many options contracts are needed to hedge a long or short position in the underlying asset.

Delta Exposure/Delta-Adjusted Exposure This measures the price sensitivity of an option or portfolio to changes in the price of an underlying security. For an option, the delta exposure is equal to the delta of the option multiplied by the price of the underlying security. For example, if a portfolio contains 10 call options on a stock, each with a delta of 0.5, and the stock currently trades at £100, then the delta exposure of each option is £50 (0.5 x £100) and the delta exposure of all 10 options is £500.

Derivates are instruments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates.

Discount is where the share price of an investment company is lower than the net asset value per share.

Discrete Performance is the percentage performance of an investment over specific, defined time periods.

Emerging markets are countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.

Gearing is all external borrowings of the Company and any subsidiaries.

Management Fee is the entitlement of the Investment Manager to an annual management fee. Please see the Explanation of Fee Arrangements available on the Company's website for further information, found at: https://www.polarcapitaltechnologytrust.co.uk/Corporate-Information/Overview/

"NAV" or **"Net Asset Value"** has the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the Company's accounting policies, applicable accounting standards and the Company's constitution.

Ongoing Charges are the measure of what it costs to invest in the Company, including the Management Fee and other operating costs.

Premium is where the share price of an investment company is higher than the net asset value per share.

Premium Value (options trading) This is the current market price of an option contract. The premium will generally be greater given more time to expiration or greater implied volatility.

For a complete glossary of investment terms, please refer to the Trust's website: https://www.polarcapitaltechnologytrust.co.uk/Glossary/

Important Information

Not an offer to buy or sell This document is not an offer to buy or sell or a solicitation of an offer to buy or sell any security, and under no circumstances is it to be construed as a prospectus or an advertisement. This document does not constitute, and may not be used for the purposes of, an offer of the securities of, or any interests in, the Company by any person in any jurisdiction in which such offer or invitation is not authorised.

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Performance and Holdings All data is as at the document date unless indicated otherwise. Company holdings and performance are likely to have changed since the report date. Company information is provided by the Investment Manager.

Benchmark The Company is actively managed and uses the Dow Jones Global Technology Index (total return, Sterling adjusted) as a performance target. The benchmark is considered to be representative of the investment universe in which the Company invests. The performance of the Company is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found at: https://www.spglobal.com/spdji/en/indices/equity/dow-jones-us-technology-index/#overview.

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Further Information about the Company Investment in the Company is an investment in the shares of the Company and not in the underlying investments of the Company. Further information about the Company and any risks can be found in the Company's Key Information Document, the Annual Report and Financial Statements and the Investor Disclosure Document which are available on the Company's website, found at: https://www.polarcapitaltechnologytrust.co.uk.