Polar Capital Technology Trust plc

Artificial Intelligence sparks into life

Annual Report & Financial Statements
For the year ended 30 April 2023

Contents

Our Business at a Glance

Purpose

The purpose of the Company is to provide a vehicle in which investment is spread across a diversified portfolio of technology companies which aim to deliver long term capital growth to shareholders. The purpose is achieved through the Investment Objective and by applying the investment policy incorporating parameters to ensure excessive risk is not undertaken.

Investment Objective

The Investment Objective is to maximise long-term capital growth through investing in a diversified portfolio of technology companies around the world. The investment policy and investment guidelines are set out in full in the Strategic Report on pages 54 to 56.

Management structure

The Company is an investment trust led by an experienced Board of Independent non-executive Directors with extensive knowledge of investment matters, and the regulatory and legal framework within which your Company operates. The role of the Board is to provide oversight of the Company's activities and to seek to ensure that the appropriate financial resources and controls are in place to deliver the Investment Objective and manage the risks associated with such activities. The Directors have appointed various third-party suppliers to provide a range of services including investment management, depositary and administrative services to the Company.

Polar Capital LLP has been the appointed Investment Manager and AIFM throughout the year. Ben Rogoff, the appointed portfolio manager, has been responsible for the Company's portfolio since 1 May 2006 and is supported by Deputy Fund Manager, Alastair Unwin and a team of technology specialists. Polar Capital LLP is authorised and regulated by the Financial Conduct Authority.

** These narrative statements form part of the Strategic Report section as required under The Companies Act 2006.*

Financial Highlights

Year ended 30 April 2023

Net Assets Per Ordinary Share Total Return[1]	Benchmark Total Return[2]	Share Price Total Return[1]
-2.8%	+2.9%	-4.9%
2022: -7.7%	2022: -0.9%	2022: -13.7%

1 Alternative Performance Measure, see pages 128 to 129
2 Dow Jones Global Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes). See page 130 for further details.

Key Contents

AGM: 7 September 2023 at 2:30pm

See the separate Notice of AGM also available on our website.

Financial Highlights continued

Financial Summary

	As at 30 April 2023	As at 30 April 2022	Change % Year Ended 2023	Change % Year Ended 2022
Total net assets	£2,828,141,000	£3,050,985,000	(7.3%)	(10.5%)
Net Asset Value (NAV) per ordinary share	2239.48p	2305.13p	(2.8%)	(7.7%)
Benchmark[1]	3604.43	3504.44	2.9%	(0.9%)
Price per ordinary share	1940.00p	2040.00p	(4.9%)	(13.7%)
Discount of ordinary share price to the NAV per ordinary share[2]	(13.4%)	(11.5%)		
Ordinary shares in issue[3]	126,285,544	132,356,426	(4.6%)	(3.1%)
Ordinary shares held in treasury	11,029,456	4,958,574	122.4%	543.8%

Key Data

	For the year to 30 April 2023 Local Currency %	For the year to 30 April 2023 Sterling Adjusted %
Benchmark[1]		
Dow Jones Global Technology Index (TR)	3.0	2.9
Other Indices over the year (total return)		
FTSE World	3.4	3.4
FTSE All-Share		6.1
S&P 500 Composite	2.7	2.7
Nikkei 225	10.0	4.9
Eurostoxx 600	7.3	12.3

Exchange Rates

As at 30 April	2023	2022
US$ to £	1.2569	1.2555
Japanese Yen to £	171.15	162.66
Euro to £	1.1385	1.1901

Expenses

For the year to 30 April	2023	2022
Ongoing charges ratio[2]	0.81%	0.84%
Ongoing charges ratio including performance fee[2]	0.81%	0.84%

Data supplied by Polar Capital LLP and HSBC Securities Services.

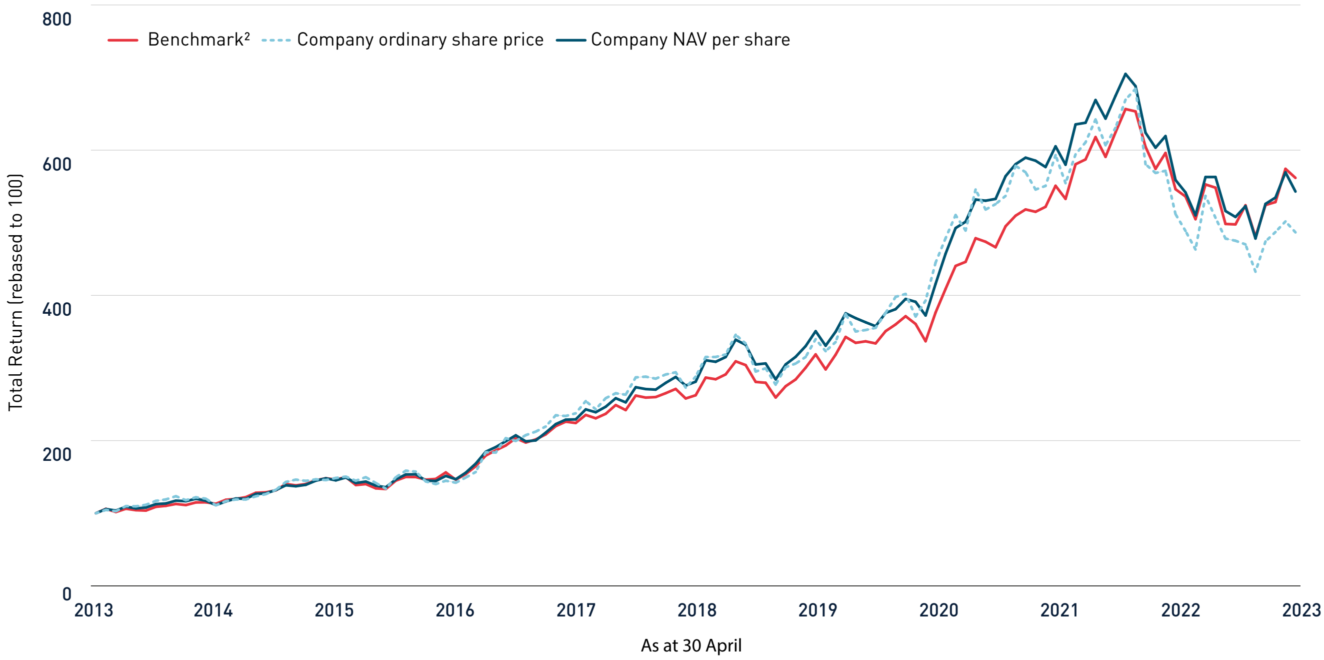
1 Dow Jones Global Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes). See page 130 for further details.

2 Alternative Performance Measure see pages 128 to 129.

3 The issued share capital on 13 July 2023 (latest practicable date) was 137,315,000 ordinary shares of which 12,258,825 were held in treasury.

Performance

10 Year Performance Graph



Historic Performance

As at 30 April	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Assets (£m)	528.8	606.6	793.0	801.3	1,252.5	1,551.6	1,935.6	2,308.6	3,408.8	3,051.0	2,828.1
Share price (pence)	398.5	442.0	592.0	566.0	947.0	1,148.0	1,354.0	1,774.0	2,364.0	2,040.0	1,940.0
NAV per share (pence)	412.4	458.4	599.2	605.5	945.4	1,159.7	1,446.4	1,715.6	2,496.4	2,305.1	2,239.5
Indices of Growth[1]											
Share price	100.0	110.9	148.6	142.0	237.6	288.1	339.8	445.2	593.2	511.9	486.8
NAV per share	100.0	111.2	145.3	146.8	229.2	281.2	350.7	416.0	605.3	559.0	543.0
Dow Jones Global Technology Index[2]	100.0	113.1	146.4	146.2	224.3	262.5	318.8	376.5	551.0	546.3	561.8

The Company commenced trading on 16 December 1996 and the share price on the first day was 96.0p per share and the NAV per share was 97.5p.

Notes:

1 Rebased to 100 at 30 April 2013

2 Dow Jones Global Technology Index (total return, Sterling adjusted) with the removal of relevant withholding taxes.

All data sourced from Polar Capital LLP.

Chair's Statement

This report forms part of the Strategic report section

Catherine Cripps
Chair

Introduction

Dear Shareholder,

On behalf of myself and the Board I am pleased to share with you the Annual Report of the Company for the year to 30 April 2023. This is my first full year Chair Statement following my appointment as Chair in September 2022.

The year under review and in particular the period since my appointment as Chair, has been a tumultuous one for markets, with the post-COVID settling down period, the continuation of the Russia-Ukraine war and the sizeable hikes in interest rates as the central banks sought somewhat belatedly to tackle the surge in inflationary pressures causing a global cost of living crisis. This has also had a resultant negative impact on long-duration assets such as technology stocks. To add to these, on the day of my appointment we sadly marked the passing of Queen Elizabeth II and of course more recently we celebrated the coronation of our newest monarch, King Charles III.

Performance

The Manager's report is provided on pages 14 to 27 and gives an overview of the year past and the outlook for the near future. Over the year under review, your Company's net asset value (NAV) per share fell from 2305.13p to 2239.48p, a decrease of 2.8%, while the Benchmark increased 2.9% in Sterling terms over the same period. I would like to be reporting more positive performance numbers, but generally markets have not been constructive and technology in particular has suffered in the post-Covid reset and high interest rate environment. Furthermore, our underweighting of "mega-cap" technology stocks which now dominate the index and which continue to lead the sector was a significant factor in our underperformance relative to the benchmark. That said, the Company has performed well against its technology investment trust peer group. We believe that there are interesting and exciting times ahead for our sector, particularly in the field of Artificial Intelligence ("AI") and this is discussed further in the Manager's Report.

Discount Management

The Board actively monitors the discount at which the Company's ordinary shares trade in relation to the Company's underlying NAV and, whilst the Board does not have a formal discount policy or a fixed target level for all times and circumstances, it will continue to exercise its discretion to buy back shares at a discount. Equally, should fortunes change, the Board will also use discretion to issue shares at a premium as has been done in the past. The intent when buying back shares is to seek to reduce the volatility of the share price, to add a small amount to NAV per share and to address significant imbalances in the supply and demand for shares.

We have continued to buy back stock regularly, repurchasing a total of 6,070,882 shares in the year under review at an average price of 1932.28 pence per share and an average discount of 11.95%. Following the year end and up to 13 July 2023, the Company has bought back a further 1,229,369 shares. While purchase levels have been relatively low on an individual transaction basis, we should note that this activity does not preclude the Manager determining that a more significant amount than usual on any one day should be purchased. Such a decision may be influenced by, in the Manager's view, there being a particular investment opportunity best accessed through buying shares in the Company rather than buying individual securities.

Board Composition

Outside of my appointment as Chair on the retirement of Sarah Bates after 12-years, there have been no other changes to the membership of the Board during the financial year under review. Biographical details of all Directors are available on the Company's website and are provided on pages 8 and 9.

The Board is aware of the FCA's Diversity and Inclusion Policy and notes that its current composition meets two of the three 'comply or explain' targets with three of the six members being female and two of the three senior positions being occupied by females. However we do not meet the recommended ethnicity requirements. While there are no immediate plans to recruit to the Board, the Board has put in place a succession plan based on the recommended nine-year tenure of Directors. It is a priority of the Board to be able to meet all aspects of the FCA's Diversity policy as part of these future succession plans. Of paramount importance is having the correct mix of skills around the table, diversity of thought and a constructive culture that engenders lively discussion. When we next select our recruitment consultant to assist us with a director search we will set parameters that ensure potential candidates are sourced from a broad pool such that the Board can consider candidates with minority ethnic backgrounds, especially at the final round of the recruitment process. Further information is provided in the Nomination Committee Report on page 90.

Annual General Meeting

We are pleased to confirm that the Company's AGM will be held on 7 September 2023 at 2:30pm. We have considered feedback from the prior few years AGM's and analysed the attendance levels pre, during and post-COVID. Due to the previous lack of take up for the option of attendance on-line we are opting this year to hold an in-person only meeting and will not be providing a hybrid attendance option. We have also considered comments from shareholders on cost and location, and have this year decided to move the meeting to a central City base. We will therefore be using the auditorium at the offices of Herbert Smith Freehills, Exchange House, Primrose Street, London, EC2A 2EG. We look forward to welcoming shareholders to the meeting who will receive a presentation from the Manager and his team and shareholders will also have the opportunity to ask questions and meet the Board; light refreshments will again be available following the meeting.

The notice of AGM will shortly be provided to shareholders and will also be available on the Company's website. Detailed explanations on the formal business and the resolutions to be proposed at the AGM is contained within the Shareholder Information section on pages 133 to 134 as well as the Notice of AGM.

Environmental, Social and Governance (ESG)

We continue to keep abreast of ESG developments and changes in the landscape. Through regular engagement with the Manager, we have seen how ESG considerations have been integrated into the overall house style, the technology team investment approach and decision making as well as the methodology behind this. As a Board, we believe that the Manager is best placed to integrate ESG factors into the investment decision-making process, with the Board providing oversight and challenge, to ensure that the process is being executed as expected. This challenge is undertaken through regular reporting and engagement with the Manager. The Board receives tailored ESG related information including the ratings of investee companies and is able to use this as a tool to inform discussions with the Manager during Board meetings. As at 30 April 2023, based on MSCI ESG ratings, the portfolio and the benchmark were both rated A.

The Board also receives regular updates on the progress that has been made on the corporate side of Polar Capital's business. Please refer to the ESG Report on pages 40 to 51 which incorporates both the investment and corporate approaches.

Outlook

Given the recent breakthroughs in Artificial Intelligence ("AI"), we remain positive on the outlook and the future of technology, despite a challenging macro backdrop. We look forward to the investment opportunities this brings for the sector, which looks well placed to benefit from AI disruption.

Finally, the Board is delighted to welcome Alastair (Ali) Unwin formally as Deputy Fund Manager following his recent promotion within Polar Capital. Ali joined the Polar Capital Technology team in 2019, has worked closely with Ben Rogoff since joining the team and has been a regular presenter to the Board. This appointment formalises the involvement that Ali has on the portfolio and the Board are pleased to support this move. Ben and Ali are supported by an experienced technology team who have significant experience of investing in the sector. Shareholders will have the opportunity to meet and talk with Ali, along with other members of the technology team at the AGM.

Catherine Cripps
Chair

18 July 2023

Financial Performance Review

For the year ended 30 April 2023

The NAV per share declined to 2239.48p as at 30 April 2023 from 2305.13p at the start of the year. The Company's NAV per share total return for the period was a loss of 2.8% and finished the year with a total net assets of £2,828.1m. The Investment Manager's Report on pages 14 to 27 sets out in detail the performance of the Company for the financial year. The chart on the following page shows in greater detail the movement in total net assets for the year.

Total Return

The Company generates returns from both capital growth (capital return) and dividend income received (revenue return). The total return from the portfolio for the year was a loss of £105.2m (2022: £258.6m loss), of which there was a £98.3m loss (2022: £241.9m loss) from capital and a £6.9m loss (2022: £16.7m loss) on our income account which offsets all expenses against dividend income. Full details of the total return can be found in the Statement of Comprehensive Income on page 100. We choose as a matter of policy not to allocate our expenses between capital and income, (any performance fee is the only expense allocated to capital). The Company's allocation of expenses is described in Note 2(d) on page 105 and the allocation methodology is considered on an annual basis, no change to the policy is recommended (2022: no change). The total net losses per share were 81.28p (2022: net losses of 191.61p per share). The total net losses per share was made up of 75.98p from capital return and a loss of 5.30p from revenue return.

Capital Return

The investment portfolio was valued at £2,640.2m (2022: £2,811.1m) at the year end 30 April 2023. The investment portfolio delivered a realised loss on disposals of £190.5m (2022: £121.2m loss) and valuation gains on investment of £83.7m (2022: £132.5m loss) for the year ended 30 April 2023. The Company's valuation approach is described in Note 2 (f) on pages 105 and 106. The derivative gains of £0.03m (2022: £5.8m loss) represent the call and put options which are used to facilitate efficient portfolio management. Full details of the derivatives are set out in the Investment Managers Report on pages 14 to 27 and Note 6 on page 109.

Revenue Return

The total investment income of £16.2m (2022: £15.87m) represents dividend income derived from listed investments. The investment income, excluding any one-off special dividends, increased by 0.7% for the year and this was driven by changes in holdings, dividend rates, and FX rate changes as the Company's revenue is generally denominated in currencies other than Sterling. The increase in interest rates which started at the end of the 2022 financial year has continued. This led banks and Money Market Funds (MMF) to make higher interest income payments. As a result, during the year under review, the Company received other operating income of £3.8m (2022: £0.031m) which was derived from bank interest and MMF interest. It should be noted, however, that the MMF is held primarily as a cash diversification factor rather than an income generating investment. As stated above, as a matter of policy, all expenses (excluding the performance fee) are charged to revenue and as a result, expenses normally exceed the income received in any given year. As has been the case for many years, the revenue reserve therefore remains negative. The Company historically has not paid dividends given the nature of its focus on longer-term capital growth. The Board reviews this stance on a periodic basis.

Expenses

The total expenses for the year under review amounted to £24.7m (2022: £30.6m) and include investment management fees of £21.9m (2022: £28.3m), administrative expenses of £1.2m (2022: £1.3m) and finance costs of £1.6m (2022: £1.0m). The Company's operating expenses comprise predominantly variable costs, such as management, depositary and custody fees which increase and decrease based on the net asset value. Other expenses remained at a similar level to the last year. The finance costs increased slightly due to the increase in interest rates. As noted in last year's Annual Report, the agreement which was made with Polar Capital to amend the base management fee tier levels came into effect from 1 May 2022, and this resulted in a 8.7% reduction in management fees for the year when compared to the prior management tiers calculation. There was no performance fee accrued at the year ended 30 April 2023 (2022: £nil).

Ongoing Charges

Ongoing Charges Ratio (OCR) is a measure of the ongoing operating costs of the Company. It is calculated in line with the AIC recommended methodology, represents the total expenses of the Company, excluding finance costs, and is expressed as a percentage of the average daily net asset value during the year. The OCR demonstrates to Shareholders the annual percentage reduction in NAV as a result of recurring operational expenses, that is, the expected cost of managing the portfolio. Whilst based on historical information, the OCR provides an indication of the likely level of costs that will be incurred in managing the Company in the future. The OCR for the year to 30 April 2023 was 0.81% (2022:

0.84%). The OCR including the performance fee for the year to 30 April 2023 was the same as no performance fee was accrued at the year end. As noted above under expenses, the reduction in the OCR is mainly due to the reduction in management fee tier levels which came into effect from 1 May 2022, and the change in the net asset value during the year under review. See Alternative Performance Measures on pages 128 to 129.

Cash and Cash Equivalents

As in the prior years, the Company's cash level remained relatively high, closing the year with £239.1m (2022: £311.4m). As noted above, as part of the Company's cash diversification strategy, the Company has taken a cautious approach and has chosen to invest 50% of its USD cash balance into a USD Treasury Money Market Fund. As at 30 April 2023, the Company held the BlackRock Institutional Cash Series – US Treasury Fund with a market value at year end of £90.4m (2022: £92.0m).

Portfolio Turnover

Portfolio turnover (purchases and sales divided by two) totalled £2,268.9m equating to 77% for the year to 30 April 2023 (2022: 84%) of average net assets over the year. Details of the investment strategy and portfolio are given in the Investment Manager's Review on pages 14 to 27.

Gearing

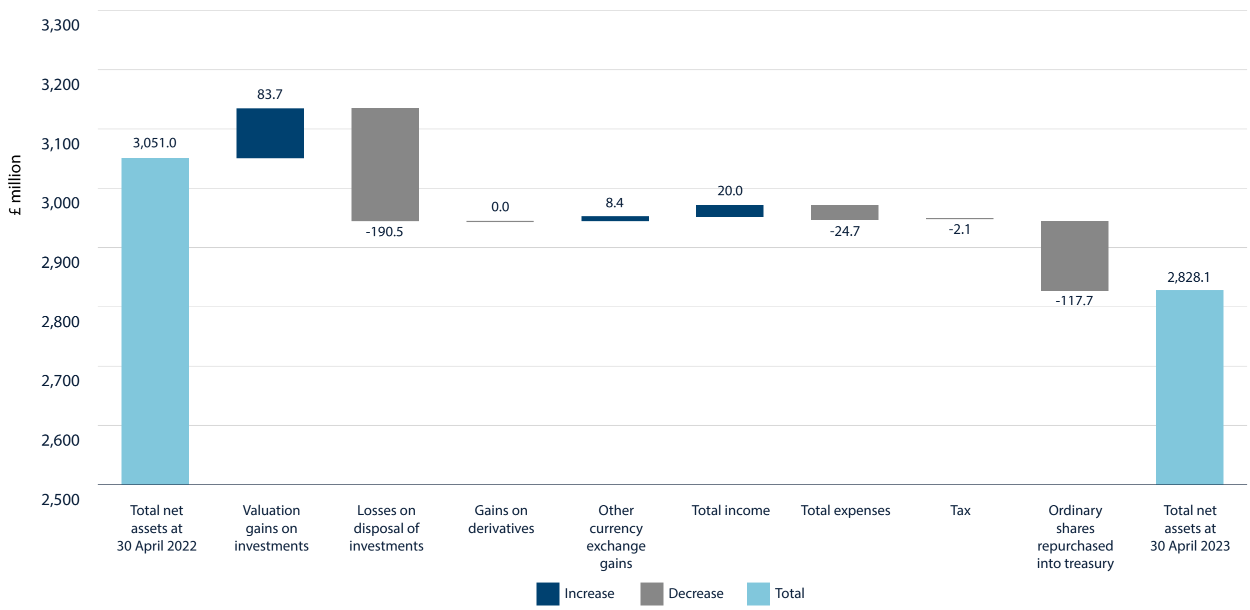
The Company can use gearing for investment purposes as stated on page 56. In September 2022, the Company entered into replacement contracts with ING Bank N. V for two, two-year fixed rate term loans (JPY 3.8bn and US$36m). These loans replaced the previously held two-year loans of JPY 3.8bn and US$36m which expired on 30 September 2022. Both loans fall due for repayment on 30 September 2024. The repayment of both loans, totalling approximately £50.8m (2022: £52.0m), would equate to less than 2% of the Company's NAV as at 30 April 2023.

Foreign Exchange

The majority of the Company's assets and revenue are denominated in currencies other than Sterling and are impacted by foreign exchange movements. As at the year ended the other currency gains of £8.4m represents the exchange gains on currency balances of £7.2m and net gains on translation of loan balances of £1.2m. The Company's total return and net assets can be affected by the currency translation and movements in foreign exchange. Note 27 (a) (ii) on pages 119 to 122, analyses the currency risk and the management of such risks.

Catherine Cripps
Chair
18 July 2023

Contributors to the movement in total net assets for the year to 30 April 2023



Board of Directors

Catherine Cripps

Independent Non-Executive Chair

Appointed to the Board in September 2021 and as Chair in September 2022.

Skills and Experience
Catherine is a qualified Chartered Accountant who has in excess of 30 years' senior investment industry experience in a number of trading, risk management and investing roles including Investment Director and Head of Research at GAM. Previously, Catherine was non-executive director of CQS Management Limited, Merian Global Investors and Nuclear Liabilities Fund.

Other Appointments
NED and Board Risk Committee Chair of Goldman Sachs International and Goldman Sachs International Bank and Member of the Audit Committees. NED of Maniyar Capital Advisors and Pool Re.

PCT Share Interests
481

Annual Remuneration Financial - year ended 2023
£47,737

Rationale for re-election
Catherine joined the Board in 2021 and assumed the role of Chair in September 2022. She brings to the Board a wealth of investment industry experience following a number of roles including Investment Director and Head of Research at GAM International. Since taking on the role of the Chair, Catherine has been proactive in engaging and building relationships with the Manager and continues the strong link with Polar Capital, she has demonstrated effective leadership skills.

Tim Cruttenden

Independent Non-Executive Director and Senior Independent Director ("SID")

Appointed to the Board in March 2017 and as SID and Chair of the Remuneration Committee in July 2020.

Skills and Experience
Tim is currently Chief Executive Officer of VenCap International plc having been with the company in various positions since 1994. VenCap invests in venture capital funds in the US, Asia and Europe, with a primary focus on early stage technology companies.

Other Appointments
NED, Chrysalis Investments Limited.

PCT Share Interests
1,000

Annual Remuneration Financial - year ended 2023
£37,200

Rationale for re-election
Tim has extensive technology private equity investment experience and brings an alternative investment perspective to discussions on the portfolio. The Board and Manager value the investment debates at meetings particularly where Tim focusses on new themes and they welcome the continued contribution from him.

Charlotta Ginman

Independent Non-Executive Director and Chair of the Audit Committee

Appointed to the Board in February 2015 and as Audit Chair in September 2015.

Skills and Experience
Charlotta qualified as a Chartered Accountant at Ernst & Young before spending a career in investment banking and commercial organisations, principally in technology related businesses. She held senior roles with JP Morgan, Deutsche Bank, UBS and the Nokia Corporation.

Other Appointments
NED and AC Chair of Pacific Assets Trust plc and Gamma Communications plc, SID and AC Chair of Keywords Studios plc, SID of Unicorn AIM VCT PLC and NED of Boku Inc.

PCT Share Interests
4,941

Annual Remuneration Financial - year ended 2023
£40,000

Rationale for re-election
Charlotta has recent and relevant financial and investment expertise with a strong accounting background which enables her to perform in-depth analyses of the Company's Financial Statements in conjunction with the external service providers. Charlotta actively works with Polar Capital and the Auditors to ensure a smooth year-end process and audit. She has brought her considerable experience of audit, governance and related regulatory matters as they apply to the Company. Charlotta will hand over the Chair of the Audit Committee to Jane Pearce on 31 October 2023 but will remain on the Board as a non-executive Director.

Where there might be concern of over-boarding, as three of Charlotta's roles are with investment companies that typically have only five Board meetings a year and the other companies are all AIM listed, with less regulatory burden than a premium listing, Charlotta has sufficient time to devote to each of her roles.

Charles Park

Independent Non-executive Director

Appointed to the Board in January 2018.

Skills and Experience
Charles has over 25 years of specialist investment experience and was a co-founder of Findlay Park Partners, an investment firm specialising in quoted American equity investments. Prior to this, he was a US fund manager at Hill Samuel Asset Management.

Other Appointments
NED of North American Income Trust plc and Evenlode Investments.

PCT Share Interests
1,840

Annual Remuneration Financial - year ended 2023
£33,000

Rationale for re-election
Charles has extensive equity investment experience and brings to the Board current and active knowledge of the industry from a different, value based investment approach which contributes to Board and Manager discussions. He also brings his understanding of investment management firms, fees and the private client wealth management sector to Board discussions. He has helped the Board by bringing perspectives from elsewhere to give context and insight into investment markets. He has also brought his interest in ESG issues to our discussions.

Jane Pearce

Independent Non-executive Director and Audit Chair Elect.

Appointed to the Board in September 2021.

Skills and Experience
Jane is an experienced non-executive director and Chartered Accountant with over 20 years' financial markets experience. She has a number of years' experience as a Technology Equity Analyst and as an Equity Strategist at leading investment banks including Lehman Brothers and Nomura International.

Other Appointments
NED and AC Member of Shires Income plc. NED of Morgan Stanley Bank International Limited, Morgan Stanley & Co International plc and Morgan Stanley International Limited.

PCT Share Interests
930

Annual Remuneration Financial - year ended 2023
£33,00

Rationale for re-election
Jane is an experienced non-executive director and Chartered Accountant with over 20 years' financial markets experience including as a technology equity research analyst. She is a keen participant in meetings often bringing a new perspective to discussions. Jane will assume the role of Chair of the Audit Committee on 31 October 2023 ahead of the retirement of Charlotta Ginman from the Board in September 2024.

Stephen White

Independent Non-Executive Director

Appointed to the Board in January 2018.

Skills and Experience
Stephen qualified as a Chartered Accountant at PwC before starting a career in investment management. He has more than 35 years' investment experience, most notably as Head of European Equities at F&C Asset Management, where he was manager of F&C Eurotrust plc and deputy manager of The F&C Investment Trust plc, and as Head of European and US equities at British Steel Pension Fund.

Other Appointments
NED and Chair of Brown Advisory US Smaller Companies Trust plc. NED and AC Chair of BlackRock Frontiers Investment Trust plc and NED of Henderson EuroTrust plc.

PCT Share Interests
10,000

Annual Remuneration Financial - year ended 2023
£33,000

Rationale for re-election
Stephen has many years of investment and financial experience including as an investment company manager, which he brings to the Board. He has been particularly interested in our Manager's individual stock holdings and has encouraged helpful debate. He also has wide experience of the institutional and investment company sector, of its fees, clients and approaches. He also holds other audit committee chair positions which bring extra support to our Audit committee.

Company Secretarial & Fund Accounting

(Provided by Polar Capital LLP)

Tracey Lago, FCG

Deputy Group Company Secretary & Head of Investment Trust Secretariat

Jumoke Kupoluyi, ACG

Investment Trust Company Secretary

Mala Krishnasamy, FCCA

Investment Trust Fund Accountant

Technology Investment Team

Ben Rogoff

Partner
Lead Manager

Ben has been a technology specialist for 27 years. He has been lead manager of Polar Capital Technology Trust plc since 2006, and is a Fund Manager of the Polar Capital Global Technology Fund and Polar Capital Automation and Artificial Intelligence Fund. Prior to joining Polar Capital, he began his career in fund management at CMI, as a global technology analyst. He moved to Aberdeen Fund Managers in 1998 where he spent four years as a senior technology manager. Ben has a BA (Hons) in Modern History from St Catherine's College, Oxford.

Nick Evans

Partner

Nick joined Polar Capital in 2007 and has 25 years' experience as a technology specialist. He has been lead manager of the Polar Capital Global Technology Fund since January 2008 and is also a fund manager on the Polar Capital Technology Trust and Polar Capital Automation and Artificial Intelligence Fund.

Nick has a degree in Economics and Business Economics from Hull University, has completed all levels of the ASIP, and is a member of the CFA Institute.

Xuesong Zhao

Partner

Focus areas: Semiconductors, Asia, Internet, Industrial Automation and Artificial Intelligence

Xuesong joined Polar Capital in 2012 and has 15 years' investment experience. He is a lead manager of the Polar Capital Automation and Artificial Intelligence Fund and is a fund manager on the Polar Capital Technology Trust and Polar Capital Global Technology Fund. Xuesong holds an MSc in Finance from Imperial College of Science & Technology, a BA in Economics from Peking University and is also a CFA Charterholder.

Alastair Unwin

Deputy Fund Manager

Focus areas: Software, Internet, Fintech / Payments

Alastair joined Polar Capital in June 2019 and has 12 years' investment experience. Prior to joining Polar Capital, Alastair co-managed the Arbrook American Equities Fund. Between 2014 and 2018 he launched and then managed the Neptune Global Technology Fund and managed the Neptune US Opportunities Fund. Alastair has a BA (1st Class Hons) in History from Trinity College, Cambridge and is a CFA Charterholder.

Fatima Iu

Fund Manager

Focus areas: Cybersecurity, 5G, Clean Energy and Medtech

Fatima joined Polar Capital in 2006 and has 16 years' investment experience. She is a fund manager on the Polar Capital Global Technology Fund, Polar Capital Technology Trust and Polar Capital Automation and Artificial Intelligence Fund. Fatima holds an MSc in Chemistry with Medicinal Chemistry from Imperial College of Science & Technology in London. She is also a CFA Charterholder.

Paul Johnson

Investment Analyst

Focus areas: Automotive (EV/AV), video gaming and 3D printing

Paul joined Polar Capital in 2012 and has 10 years' investment experience. Prior to joining Polar Capital Paul helped manage a private investment fund between 2010 and 2012. Paul holds a BA in History and Politics and a Masters in History from Keele University. Paul is also a CFA Charterholder.

Nick Williams

Investment Analyst

Focus areas: Artificial Intelligence, Healthcare and Clean Energy

Nick joined Polar Capital in June 2019 as an analyst on the Polar Capital Technology team and has 7 years' investment experience. Prior to joining Polar Capital, Nick worked at Neptune Investment Management as the Assistant Fund Manager on the US Opportunities Fund. Prior to that he worked in academia at the University of Oxford. Nick holds an MChem in Chemistry from Wadham College, University of Oxford.

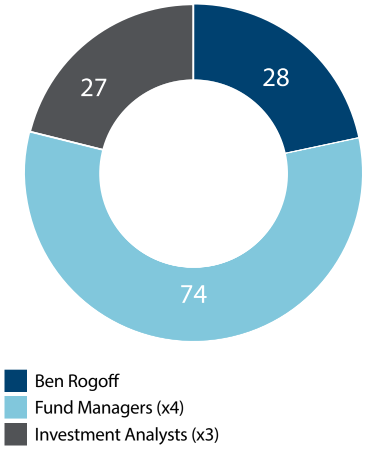
Patrick Stuff

Investment Analyst

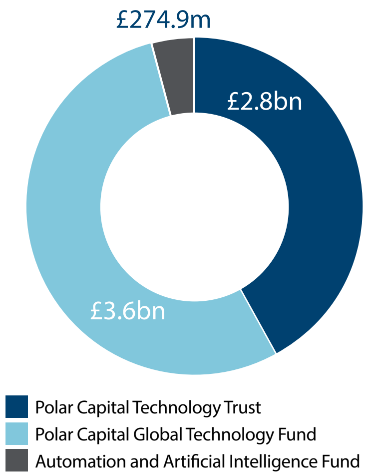
Focus area: Artificial Intelligence and Industrial

After graduating from the University of Warwick with a BSc in Economics, Patrick joined Polar Capital as an Operations Executive, where he provided operational support to all fund management teams at Polar, including the Technology team. During this time Patrick successfully passed all three levels of the CFA program first time, and subsequently, after a successful 8 months seconded to the technology team, Patrick joined on a full-time basis in May 2021 as an investment analyst with a focus on AI and Industrial companies. Patrick has 6 year's investment experience.

Experience breakdown (years)



The team collectively manage £6.7bn in assets



As at 30 April 2023

Manager’s Report

Investment Manager's Report

This report forms part of the Strategic report section

Ben Rogoff
Partner, Technology

Market Review

As discussed in our last Annual Report, we believe 2022 is best understood as the year 'risk was repriced' as central banks moved forcefully to rein in the economy, defend their credibility and prevent inflation expectations becoming unanchored. Proving anything but 'transitory', inflation continued to surprise to the upside taking global risk-free rates with it. In the US, consumer price inflation (CPI) averaged 8.0% during the calendar year, while the +9.1% reading in June was the largest year-on-year (y/y) monthly gain since 1981. The inflation shock was hardly unique to the US, with soaring energy and food prices, labour markets with more jobs than available workers and the release of pent-up demand combining to create the most inflationary backdrop globally for 40 years. For the full year, global inflation averaged 8.8% compared to pre-pandemic levels of around 3.5%.

As a result of this persistent inflation, 2022 was also a year of unprecedented interest rate rises, after an oddly slow start by central banks. In the US, the Federal Reserve (Fed; the US central bank) embarked on the steepest set of rate hikes in 40 years as rates were raised by 450 basis points (bps), including four 75bps hikes, in addition to the resumption of quantitative tightening (QT) whereby the Fed reduces its monetary reserves to 'tighten' its balance sheet. Futures markets at the start of 2022 had priced in expectations for Fed Funds (the key benchmark rate targeted by the Fed) to be at c1% by June 2023; by year end, this figure had risen to c5%. In Europe, the decade-long experiment with negative interest rates ended as the European Central Bank (ECB) raised rates by 250bps despite a high likelihood of recession. Most other major markets experienced tightening in excess of 200bps.

Sharply higher risk-free rates weighed heavily on asset prices, not least bonds which experienced their worst calendar year returns since at least the 1970s, the Bloomberg US Aggregate Float-Adjusted Index losing 13.1%. This theme was painfully echoed in equity markets – the longer the duration, the worse the return. Ten-year US Treasuries suffered their worst annual performance since 1788 while record government bond losses were recorded in Japan, Europe, and the UK with drawdowns of 16.2%, 22% and c32% respectively. Having stood at $10trn in January 2022, the global stock of negative-yielding bonds had fallen to essentially zero by calendar year end.

Higher sovereign yields weighed heavily on global equities, which also had to contend with elevated recession risk and negative earnings revisions. During the calendar year, 2yr-10yr Treasury yields fell to their most negative spread (where 2-year yields are higher than 10-year yields) in more than 40 years. Aggregate earnings estimates for companies in the S&P 500 Index in 2023 fell from $245 to around $230, while 2024 forecasts fell to c$250, essentially losing a year of growth. As measured by the MSCI All-Country World Index (ACWI), global equities fell by -18.4%, in dollar terms, their worst showing since 2008. The S&P 500 Index (-19.4%) also posted its biggest fall since 2008 and its seventh worst year since 1926. The unusual correlation between bond and equity markets, courtesy of inflation, meant that 2022 will probably be remembered for being the first year that both the S&P 500 (equities) and 10-year US Treasuries (bonds) each registered losses of more than 10% on a total return basis. It was also the worst year for combined total returns of stocks and bonds since 1982.

A bad year for US equities proved a calamity for growth stocks which suffered their worst year compared to value stocks since 2000. Helped by energy's record year (+59%) versus the broader market, the Morningstar US Value Index fell just c1% while the Morningstar US Growth Index plunged by c37%.

Equities started strongly in 2023 as extreme pessimism and bearish positioning were challenged by disinflationary data, weaker energy prices and sharply lower real rates, as well as a better than feared Q4 company earnings season and a momentum / short squeeze. European equities and 60/40 portfolios recorded their best start to a year since at least 1987, while the tech-heavy NASDAQ Composite Index enjoyed its strongest year-to-date performance since 2001.

However, sentiment turned more negative in February as a slew of strong economic data for January challenged the excitement that the interest rate tightening cycle was largely complete. Investment grade global bond markets gave back their year-to-date gains, while corresponding equity market weakness has seen US indices either approach or break 50-day moving averages as positioning and sentiment tailwinds came to an end and stocks began to fall on bad news or weak earnings reports.

The collapse of Signature Bank and then Silicon Valley Bank (SVB) in March provided the most significant casualties of aggressive Fed tightening. In order to prevent contagion, the US Treasury, Federal Reserve and Federal Deposit Insurance Corporation (FDIC) announced that all deposits of SVB and Signature Bank would be insured, solving the immediate risk to deposit holders, and helping to stem rapid withdrawals which totalled $42bn in just four hours at peak. However, concerns remained that these bank failures were emblematic of wider issues in the banking sector, prompting extreme bond volatility and a 'flight to safety' with US 2-year yields falling by 130bps in just eight trading days. Credit Suisse fell soon afterwards, when actions by the Swiss central bank failed to stem client outflows and counterparty de-risking. UBS Group agreed to buy the 166-year-old lender for 3bn Swiss francs (40% of its market value) in a historic government-brokered deal aimed at containing the crisis.

Technology Review

In addition to the pressures felt by the broader market, technology stocks also had to contend with the further unwinding of perceived 'Covid winners' which weighed on the sector's relative growth and its companies' valuations. However, marked outperformance by the sector giants during early 2023 left the technology sector (represented by the Dow Jones Global Technology Index) modestly ahead of the broader market (MSCI ACWI) for our full fiscal year to 30 April 2023, the Dow Jones Global Technology Index returning +2.7% and the MSCI ACWI +2.1% respectively, both in sterling terms.

However, overall index returns contrasted with those enjoyed by the average stock, especially during 2022, when just 30% of technology stocks outperformed. For the 2022 calendar year (two-thirds of which fell within our past fiscal year), the Dow Jones Industrial Average (DJIA) outpaced the NASDAQ Composite Index by more than 2,400bps, the greatest divergence between the two since 2000. During this period, value significantly outperformed, outpacing the most expensive quintile of technology stocks by 35% in 2022. Perceived defensive businesses such as Hewlett Packard Enterprise (+17%), IBM (+24%) and Oracle (+7%) sidestepped the massive de-rating of growth stocks that all but wiped out the EV/sales valuation premium normally enjoyed by next-generation software stocks over legacy incumbents, making it another challenging year for growth-oriented technology investors, us included.

As in 2021, the greatest weakness was reserved for the longest duration assets with limited valuation support. Tesla fell an incredible 65% during 2022, commensurate with the decline experienced by MSCI Ukraine and Bitcoin, revealing extreme cross-correlation. Weakness in category leaders like Tesla presaged a collapse in 'second liners' such as would-be electric vehicle (EV) makers Rivian (-82%) and Lucid (-82%). The ARK Innovation fund fell a further 63% in 2022 after declining 23% in 2021. Thankfully – and something we have highlighted for the past two years – the most pain was felt beyond listed equities as bubbles in cryptocurrency, non-fungible tokens (NFTs) and Special Purpose Acquisition Companies (SPACs) were destroyed. Cryptocurrencies plunged in 2022, led by Solana (-94%), Cardano (-81%) and Ethereum (-68%) leading to many industry bankruptcies before engulfing FTX and Sam Bankman-Fried. PCTT does not invest in either SPACs or cryptocurrencies.

Thankfully the technology sector's fortunes reversed with the arrival of the new calendar year, covering the final four months of our fiscal year, during which our benchmark advanced +16.9% as compared to the MSCI ACWI's +4.7% gain. This was driven by better-than-expected macroeconomic data which prompted optimism around e-commerce and digital advertising growth against low expectations, while Artificial Intelligence ("AI") provided a new growth outlet to many semiconductor companies given the calculation (compute)-intensive nature of large language model (LLM – see more below) training and inference. However, this period also saw extraordinary outperformance of large-cap companies, as measured by the Russell 1000 Technology Index, which delivered +22% while small-caps as measured by the Russell 2000 Technology Index, fell 1.9%, both in sterling terms. Mega-cap technology stock performance has been even more pronounced, benefitting from a 'flight to quality' amid the

Investment Manager's Report continued

collapse of SVB, money flowing from the financials and energy sectors and excitement about and desire for AI exposure.

At the technology subsector level, AI enthusiasm proved an important driver for semiconductors, the Philadelphia Stock Exchange Semiconductor Index (SOX) returning +4.2%. This was impressive given weakness in other end markets including smartphones and PCs. Earlier widespread semiconductor shortages and price increases scared customers who then scrambled to modify procurement policies to secure supply at the expense of inventory discipline, resulting in a severe inventory correction. Auto and industrial markets were more stable and datacentre spending remained relatively resilient as the large cloud providers continue to invest in anticipation of a compute-intensive AI future. These trends, together with further evidence of 'semiconductor sovereignty' (epitomised by the $280bn CHIPS and Science Act) saw wafer fabrication equipment (WFE) spending surpass $100bn for the first time.

Despite enthusiasm about AI, there was a significant slowdown in cloud revenue growth as customers optimised spend following the pandemic-induced acceleration. Aggregate cloud revenue growth slowed by 400-500bps per quarter from +36% in Q2'22 and +31% in Q3 before falling to +26% and +21% in Q4 and Q1 respectively. This was a disappointment despite the public cloud's vast scale at >$170bn annualised revenue run rate.

The slowdown in cloud revenues reflected a broader slowdown within software, especially at Software as a Service (SaaS) companies. During the year, many software companies highlighted greater deal scrutiny, longer sales cycles, deal compression and in later months found it more difficult to expand seat counts as customers retrenched. While the Bloomberg Americas Software Index returned 4%, this largely reflected strong returns from legacy players with limited growth profiles but generally strong pricing power and undemanding valuation multiples. Microsoft also delivered strong returns (+11.8%) as Azure continued to grow well and customers consolidated spend on the largest platforms. Conversely, diminished risk appetite and a higher interest rate environment presaged a material valuation reset in the higher growth parts of the sector which saw the Goldman Sachs Expensive Software basket return -27%.

In the internet sector, echoes of the pandemic period continued to impact results, from still-slowing gross merchandise value (GMV) growth at many e-commerce companies, inventory issues at retailers and an ongoing travel and entertainment spending boom, as consumer spending continued to shift from goods to services. The NASDAQ Internet Index returned +1.0% during the fiscal year with a material divergence between mega-cap and smaller-cap constituents.

Portfolio Performance

The Company underperformed its benchmark with the net asset value (NAV) per share falling -2.8% during the fiscal year versus an increase of 2.9% for the Dow Jones Global Technology Index. The Company's share price fell by -4.9%, reflecting the additional impact of the discount widening from 11.5% to 13.4% during the period. We continue to monitor the discount and the Company bought back 6.07 million shares during the fiscal year, at an average discount of 12% to NAV.

The greatest headwind to the Company's relative performance was the dominance of large-cap technology stocks which we are structurally underweight. The Russell 1000 Technology Index (large cap) returned +5.5%, while the small-cap Russell 2000 Technology Index declined -13.8%, in sterling terms, with divergence becoming more accentuated into the end of the fiscal year following the collapse of SVB. Mega-cap outperformance was even more striking as Goldman Sachs' equal-weighted index of the six largest technology stocks returned +10.2% during the fiscal year and +16.3% since the end of February 2023. Within the growth part of the technology market, the divergence in performance was even more stark. The Russell 1000 Growth Technology Index returned +6.3% while the Russell 2000 Growth Technology Index returned -14.4% during the fiscal year. Unsurprisingly, mega-cap technology companies were responsible for some of the largest individual detractors to the Company's relative performance versus the benchmark. This included large absolute but relative underweight positions in Meta Platforms, Microsoft and Apple. Underweight positions in the largest five index names were responsible for a little more than a fifth of underperformance, with a larger portion of underperformance due to compression of next generation valuations.

During the latter half of 2022 we looked to cautiously rebuild the Company's exposure to next-generation software companies following significant valuation compression. This proved premature and was responsible for several of our largest detractors that included CrowdStrike (-40%), CloudFlare (-45%), Atlassian (-34%) and GitLab (-37%). Software proved our biggest detractor at the subsector level as a period of extreme multiple derating was followed by softer 2023 guidance as growth slowed and customers looked to optimise their cloud and software spending post-Covid. Less expensive software companies fared little better as our positions in Elastic (-25%), Five9 (-41%), CyberArk (-21%) and Tenable (-33%) all contributed negatively to relative performance. There were also a number of genuine disappointments which impacted performance despite their modest position sizes, including Snap (-69%), Bill.com (-55%), Square (-39%) and Kornit Digital (-72%).

In terms of positives, our growth semiconductor positions made a strong positive contribution given ongoing strength in data centre demand and enthusiasm around AI. This included Lattice Semiconductor (+66%), Monolithic Power Systems (+18%), eMemory Technology (+36%), Advanced Micro Devices (+5%) and the impact of our zero-weight position in Intel (-29%), which made up c1% of our benchmark. Leading networking company Arista Networks (+39%) also benefitted from robust hyperscale data centre spending. Strong automotive demand and an inflection in electronic vehicle ("EV") adoption helped power semiconductor holdings Infineon Technologies (+26%) and ON Semiconductor (+38%). Semiconductor capital equipment players KLA Tencor (+21%) and Disco (+40%) also delivered solid returns.

Given the weak performance of most major technology subsectors (especially beyond the largest companies), a number of positive contributors to our relative performance came from peripheral areas including public sector technology, MedTech and FinTech. They included Axon Enterprise (+88%), Intuitive Surgical (+26%), Dexcom (+19%) and Wise (+39%).

We are never happy when we underperform our benchmark, even during periods when growth stocks are deeply out of favour. However, we are heartened by the fact that according to Lipper data, the performance of the Company versus the broader technology peer group remains first or second quartile over almost every period which suggests that the challenge posed by a highly concentrated benchmark firing on most cylinders is being widely felt.

Market Outlook

Last year we observed how risk was being repriced as the range of potential macroeconomic outcomes had become unusually wide. Valuations were elevated, earnings numbers at risk and early hopes that inflation would subside proved sadly complacent. Twelve months and 350bps of US rate hikes later, the range of potential outcomes appears narrower. Tightening has weighed on growth expectations: in its May update, the IMF forecast global growth of 2.8% in 2023, a moderation from 3.4% in 2022, and c10bps lower than it estimated in January. The slowdown continues to reflect sharply higher central bank rates necessary to combat inflation as well as the conflict in Ukraine. While growth may be bottoming out (aided by lower energy prices, robust private consumption, and ongoing fiscal support), recent turmoil in the financial sector following the collapse of several US regional banks is a reminder that recovery is unlikely to be straightforward.

Latest World Economic Outlook Growth Projections

(Real GDP, annual percent change)	2022	PROJECTIONS 2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
France	2.6	0.7	1.3
Italy	3.7	0.7	0.8
Spain	5.5	1.5	2.0
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India	6.8	5.9	6.3
Emerging and Developing Europe	0.8	1.2	2.5
Russia	-2.1	0.7	1.3
Latin America and the Caribbean	4.0	1.6	2.2
Brazil	2.9	0.9	1.5
Mexico	3.1	1.8	1.6
Middle East and Central Asia	5.3	2.9	3.5
Saudi Arabia	8.7	3.1	3.1
Sub-Saharan Africa	3.9	3.6	4.2
Nigeria	3.3	3.2	3.0
South Africa	2.0	0.1	1.8
Memorandum			
Emerging Market and Middle-Income Economies	3.9	3.9	4.0
Low-Income Developing Countries	5.0	4.7	5.4

Source: IMF, World Economic Outlook, April 2023

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2022/2023 (starting in April 2022) shown in the 2022 column. India's growth projections are 5.4 percent in 2023 and 6.3 percent in 2024 based on calendar year.

INTERNATIONAL MONETARY FUND IMF.org

The end of China's zero-Covid policy has already seen **emerging markets** accelerate, led by China and India which are forecast to grow 5.2% and 5.9% respectively this year. In contrast, growth in **advanced economies** is expected to slow to just 1.3% (2022: 2.7%). Risks to this outlook appear skewed to the downside while inflation, expected to fall to 5.6% this year and 3.7% in 2024, is likely to continue to dictate the tenor of monetary policy.

Investment Manager's Report continued

The good news for the market outlook is that **most of the world's major central banks appear substantially through their rate tightening cycles**. At the beginning of 2022, Fed Funds were near zero with futures markets pricing in c70bps of rate hikes. Ten-year US Treasury yields were 1.5% while real rates were negative. A little more than a year later and following 500bps of rate hikes, the **Fed had begun to signal** that the current rate-tightening cycle might be over. However, recent central bank rhetoric and/or action has become incrementally hawkish, dampening earlier hopes of a more benign interest rate environment.

With the Fed remaining 'data dependent', we are hopeful that rate expectations will moderate given our view that **peak inflation is behind us**. At the February Fed press conference, Fed Chair Jerome Powell unexpectedly declared it was "most welcome to be able to say that we are now in disinflation". While he offered many caveats, Powell mentioned disinflation 15 times during the press conference. While subsequent data has been mixed; headline inflation almost certainly peaked last summer. Others also appear to be past peak inflation with c84% of countries expected to have lower headline CPI in 2023 than in 2022. A key contributor to headline disinflation has been sharply lower energy prices, as well as falling goods prices as supply bottlenecks improve. Without question, the faster-than-expected adjustment in commodity prices to the shock from Russia's invasion of Ukraine represents the most constructive market development during the past year. In Dollar terms, crude oil has fallen by c.40% since its June highs while natural gas prices (having risen to 18x their pre-crisis level) have fallen precipitously, although they remain significantly higher than before Russia began preparing to invade Ukraine. The combination of a fortuitously warm winter, an impasse in Ukraine and conservation measures recently saw EU consumption of natural gas fall 25% below the 2017-21 average.

Although both core and service inflation remain uncomfortably high, policymakers will likely be encouraged by falling headline prices that may help reduce wage pressure by feeding into lower wage demands that are typically informed by headline rates. Inflation expectations also remain well-anchored, with market expectations of US inflation 5-10 years out still around 2.5%, less than half the current level. Policymakers may also regard recent bank failures as evidence that the long and variable lag associated with significant monetary tightening is beginning to show up, with US regional bank turmoil acting like a further rate hike transmitted through the credit creation channel.

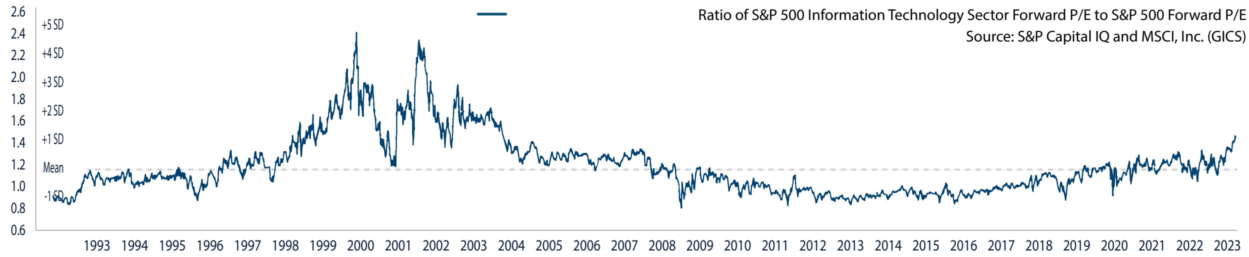
According to the ECB, the negative impact on inflation will increase from 0.2% in 2022 to 1.2% this year before rising to 1.8% in 2024. Likewise, excess savings, which have acted as a buffer for consumption, have also been significantly depleted. In the US, an estimated $1.6trn of the $2.5trn in Covid-related stimulus savings have been spent while the personal saving rate is at its lowest in more than 60 years (except for July 2005). These factors may end up proving Powell right on disinflation, stock returns have been strong following a peak in inflation as long as a severe recession is avoided. Since 1948, the S&P 500 has averaged a 59.2% price gain five years post-peak inflation, including the negative 2008 and 1973-74 experiences.

While we do not anticipate a severe downturn, US recession risk remains elevated as indicated by the spread between two-year and 10-year Treasury yields. However, this remains at odds with a US economy that, despite record monetary tightening, still grew 1.1% y/y during Q1, supported by an incredibly robust labour market, sharply lower energy prices and "remarkably resilient" consumer spending. While we expect the backdrop to remain choppy, first-quarter reporting season has been better-than-expected as 54% of S&P 500 firms have beaten consensus earnings expectations by more than one standard deviation of analyst estimates versus a historical average of 46%, according to Goldman Sachs. The downward slope of earnings per share (EPS) revisions has also continued to improve, which could suggest the steepest of the estimate cuts are behind us. This apparent contradiction is in part explained by the fact that GDP is measured in real terms while earnings estimates are nominal. As such, inflation – which has been supportive for (nominal) corporate revenues – continues to represent a greater risk to valuations (via a higher discount rate/ lower multiple) than to corporate earnings, although cost pressures have seen S&P net margins slip to 11.2% in Q4'22 from 12.4% in Q4'21.

Against a more persistent inflationary backdrop and a good start for markets this calendar year, **valuations appear relatively full,** with the S&P 500 trading at 18.8x forward earnings (2022: 19x). This leaves US stocks trading a little above both the five (18.6x) and 10-year (17.4x) averages. Having previously lent on past data that compares inflation to average PE ratios, history suggests there is further valuation downside (to c.15x PE) should inflation remain above 4%, and considerably more with inflation above 6% (c.11x). However, significantly lower valuation ranges may be more appropriate during periods

S&P 500 Info Tech Forward PE (1992 – Present)

Ratio of S&P 500 Info Tech Forward PE (1992 – Present)



Source: Ned Davis Research

where central banks are less able to curtail inflation (as with the 1970s' oil crisis) or when policymakers choose to de-emphasise it. For now, central banks remain highly credible and longer-term inflation expectations well-anchored. Inevitably, equities will have to contend with greater competition from bonds and cash than during the era of 'free money', when long-term rates averaged 2.3%. However, **over the medium term we can envisage many scenarios where equities outperform bonds but very few where the opposite is true**. That said, we remain cautious of assets that are illiquid, complex, or dependent on access to capital.

Upside risk will likely depend on the worst of inflation being behind us and recession being avoided. A Fed pause suggests that significantly tighter monetary policy has begun to bite. This is evident not just in the banking sector but also in waning consumer confidence, CEO sentiment, housing affordability and the availability of credit. However, should the Fed prove able to becalm the labour market without causing a major spike in unemployment, the most widely forecast recession in history might still be averted. While history suggests this is unlikely, there is little that is 'normal' about the current cycle – the Fed has tightened substantially over the past 15 months without any significant impact on the labour market while price inflation has declined. This unusual combination – coined 'immaculate disinflation' – offers hope the Fed is able to recalibrate price expectations without causing an economic dislocation. With no post-1950 precedent, economists are naturally dismissive, but as Fed Governor Philip Jefferson, put it, "history is useful, but it can only tell us so much, particularly in situations without historical precedent". Supply-chain disruptions are improving, the labour participation rate is recovering, and Fed credibility is high. While 1970s throwbacks make good copy ("another winter of discontent"), the US became a net exporter of energy in 2019 and union membership in the US stands at a third of its 1960 peak. Even if the US cannot avoid a recession, it does not have to be a disaster, just as a loss does not have to be total. With investors said to be facing "the worst backdrop for equities in over 40 years", a mild recession may not prove too bitter a pill. Also, absent a recession, markets may have bottomed in October 2022.

If 'immaculate disinflation' seems fanciful, consider the post WWII period when a temporary malalignment of demand and supply saw CPI leap from 1.7% in February 1946 to a peak of 19.7% in March 1947, before plunging to zero in 1949 with no lasting impact on inflation expectations. Pent-up demand was part sated, part choked by a modest Fed-induced recession while supply recovered as factories retooled from armaments to consumer goods. If this sounds oddly familiar, consider how the rejection (or resignation) of 'victorious' pandemic

Investment Manager's Report continued

leaders – Ardern, Conte, Johnson, Merkel, Sturgeon, and Trump – is also reminiscent of Churchill and De Gaulle's post-war experiences.

Market Risks

Except for Covid (which has diminished further as a risk, thanks to a high level of immunity and lack of a new variant), many of the key challenges posed to equities are unchanged from last year. The principal risk faced by most risk assets is **inflation** with central banks focused on preventing relative price changes becoming entrenched. However, calibrating monetary policy to prevent "transitions from low to high inflation regimes" is extremely challenging. Thankfully, the Fed's preferred measure – the personal consumption expenditures (PCE) price index – has fallen back to 4.4%, from a high of 7% in June 2022. However, services inflation and wage growth remain at levels incompatible with central bank inflation targets. Services inflation will not be easy to resolve due to post-pandemic pent-up demand and the fact that it has averaged c3.3% growth per annum between 1982-2021. It will also be made more difficult by an extremely tight US labour market with unemployment recently at its lowest in over 50 years (3.4%) and only 0.6 unemployed people available for every job opening. Although a weaker economy should help, the market remains desynchronised with sectors such as healthcare and leisure still operating with fewer people than pre-Covid.

Should inflation fail to return to old ranges, policymakers may adopt much more restrictive policy or admit defeat and accept that the post-pandemic world is likely to experience persistent higher levels of inflation. This scenario envisages many of the same medium-term inflationary headwinds we discussed last year: greener but more expensive energy, deglobalisation and supply-chain fragmentation. These (and others, such as the loss of the peace dividend) may be incompatible with present inflation targets that are "too low for such a world and yet hard to revise given [the risk to] central bank credibility". However, we remain relatively sanguine about inflation given **potential productivity gains** that have yet to manifest themselves (especially related to AI) that could offset some of these potential inflationary headwinds. We are also encouraged by the fact that high and persistent US inflation is rare, especially outside war.

While the overarching need for central banks to remain credible means monetary policy will remain data dependent, the **risk of policy error** is magnified by the potential shift from a low to high inflation regime. The Fed will also wish to avoid a repeat of the 1962-66 cycle when aggressive easing in late 1966 was followed by "a decade of engrained inflation". If so, rates might stay higher for longer, with the first rate cut arriving later than the typical 7-9 months after the last hike. As such, **recession risk** remains elevated; the economy might 'slow dance' into recession, as in 2000, or a 'no landing' scenario might force the Fed into inducing a recession to bring inflation down. If history is any guide, markets may retest lows if recession is not avoided. According to Ned Davis Research, the broader market takes a median of 5.3 months to reach its nadir following the official declaration of a recession by the National Bureau of Economic Research (NBER). Meanwhile the average recessionary bear market has seen the market fall by c33% over 17 months.

Recent financial sector stress has highlighted the **liquidity risk** associated with unwinding record monetary and fiscal pandemic stimulus. While we are hopeful that recent bank failures have been contained, they – together with the earlier cryptocurrency collapse and disfunction last year in the UK pension market – are salient reminders of the systemic risk posed by continued withdrawal of liquidity. Likewise, the **geopolitical risk** remains heightened too. While **Ukraine** no longer dominates the headlines, war remains a key determinant of the ongoing energy/cost of living crisis while continuing to pose myriad risks. Despite both sides threatening major new offensives, our base case assumes the current 'impasse' in Ukraine persists as neither side looks capable of winning the conflict nor acceding to peace terms this year. While there remains a very serious risk of escalation, the conflict has remained relatively well contained even as the rhetoric has flared up on occasion. For now, stalemate ahead of a 'frozen conflict' (as per Korea) rather than a negotiated peace, looks the most likely outcome. Beyond Ukraine, other key geopolitical risks include **US-Sino relations** with the downing of three Chinese spy balloons over US airspace earlier this year reminding us of the risk associated with rising nationalism in both countries. In the US, this has taken the form of economic policy designed to frustrate Chinese technological progress with recent export controls aimed at denying Chinese access to advanced semiconductors representing a notable escalation. While anti-China rhetoric is likely to remain heightened ahead of US presidential elections, we remain hopeful that further decoupling need not end in acrimonious divorce. However, industrial policy is clearly back in vogue, evidenced by greater subsidies, export restrictions and content requirements such as the Inflation Reduction Act, which collectively may unwind some of the benefits of post-war globalisation.

Finally, there are a number of **tail risks**. These include a new deadlier Covid variant, a faltering Chinese recovery or a particularly cold winter that might reignite energy prices. Iran also represents an elevated tail risk with a number of factors – domestic repression, nuclear advances, military support for Russia and a Netanyahu-led government in Israel – increasing the likelihood of confrontation this year.

Technology Outlook

Earnings outlook

Having only increased 0.5% in 2022, worldwide IT spending is expected to reach $4.6trn this calendar year, representing an increase of 5.5%, in dollar terms. However, this relatively sanguine forecast captures recent dollar weakness; constant currency growth is likely to prove considerably weaker. For 2023, the technology sector is expected to deliver revenue and earnings growth of 1.4% and 0.8% respectively. Although this compares unfavourably with the market, which is forecast to grow revenues and earnings 2.4% and 1.1% respectively, the technology sector is expected to revert to more typical above-market growth in 2024 with revenues and earnings progress currently pegged at 8.7% and 16.3% y/y. Technology sector progress will likely be driven by macroeconomic conditions; net profit margins remain a key focus for earnings as they remain above long-term averages, despite having fallen back to 22.6% from 26% last year. After two years of strength, recent dollar weakness represents a potential tailwind for technology estimates given the sector's international exposure of 58% (the highest of any sector) versus 40% for the market.

Valuation

The forward price to earnings (P/E – comparing a company's share price to its annual net profits) of the technology sector continued to contract during the past year. A year ago, valuations had fallen back to 24x forward P/E, having earlier made cycle highs of c28x ahead of the Fed pivot in November 2021. Since then, valuations have continued to compress against a backdrop of higher risk-free rates and greater economic uncertainty, with technology stocks ending the year at c19x forward P/E. However, the calendar year to date surge in large-cap technology stocks (against a backdrop of falling estimates) has seen valuations recover to 27.1x at the time of writing, ahead of both five (22.4x) and 10-year (19.2x) averages. The premium enjoyed by the sector has also expanded during 2023 with technology stocks today trading at 1.4x the market multiple in excess of the post-bubble range of between 0.9-1.3x. While current ebullience reflects understandable excitement around AI, the recent recovery in valuations may leave the sector vulnerable to near-term setbacks. However, downside risk associated with full valuations should be considered alongside actual progress made in AI, which we believe represents a key moment for the technology sector. It is also worth recalling that during the dot.com period, the technology sector traded well in excess of twice the market multiple.

No valuation premium for next-generation stocks

While aggregate sector valuations have fully recovered, **next-generation stocks**, particularly within software, have not. Last year we referenced that valuations were in "price discovery mode" but the correction proved far more dramatic than we anticipated. What began as an overdue reset has seen software valuations fall back to c.6.3x forward EV/sales having peaked at c.14.8x in late 2020. According to KeyBanc, this leaves them 25% below the trailing five year average (8.4x) and broadly in line with the ten-year average (6.6x). This has also recently left next-generation software stocks trading at a small discount to legacy ones on a forward EV/sales metric.

Software: Cloud vs. legacy valuations EV/trailing 12-month revenue multiples

Source: KeyBanc

Investment Manager's Report continued

What pandemic?

The current situation is highly unusual, reflecting a challenging investment backdrop as well post-pandemic 'demand normalisation' with many of the vestiges of the pandemic period being swept away. Reopening has not just challenged 'new' pandemic categories such as home fitness and telehealth; it has also hurt existing ones such as online dating and videogaming, while more durable segments such as e-commerce and payments have had to contend with decelerating demand and/or increased competition. In more mature markets, earlier working from home ('WFH')-related strength has been followed by exceptionally weak demand. This is most evident in the PC market where an extraordinary 2021 was followed by a dismal 2022 as units shipped declined by the most year-on-year since Gartner began tracking PC data. This dynamic has also played a part in slower cloud and associated software demand as customers moved to optimise their spending having earlier migrated aggressively to the cloud. The impact on cloud spending demonstrates the breadth of readjustment and why it has been so difficult to avoid the miasma of post-Covid demand normalisation.

Risk/reward much improved

We hope the largest part of any next-generation valuation reset is behind us. In the absence of a recession, it is highly likely we have already seen the valuation lows. While the absence of strategic M&A remains something of a headscratcher, we are encouraged by **private equity (PE) activity** that has picked up significantly, with Avalara, Coupa, Duck Creek and ForgeRock all being taken private in recent months. These take-private transactions were consummated between 6.9-8.9x Enterprise Value/ next 12 months sales – well in excess of where most software stocks trade today. As the recent (and competitive) bid for Software AG attests, we expect private equity to remain very active, providing software valuations with something of a floor. Private equity is said to have c$2trn of 'dry powder' available while Thoma Bravo (an investor in more than 420 technology companies over two decades) raised $32bn across PE funds last year. In January, founder Orlando Bravo revealed that despite the large fund raise, the selloff in software stocks meant the opportunity to buy assets was "many, many, many, many, many multiples of that".

Adopting a slower growth playbook

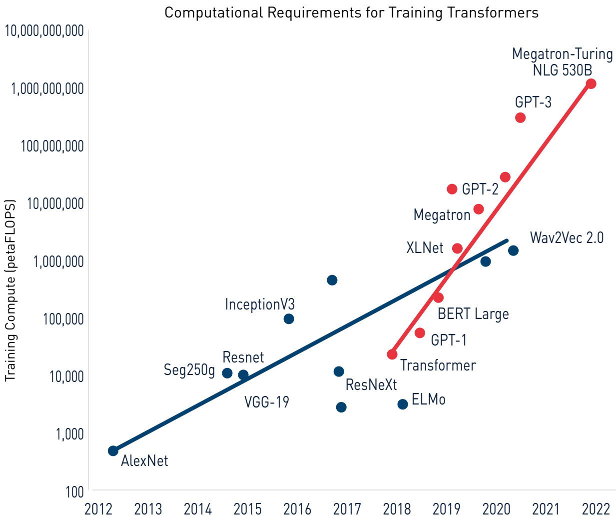
In the meantime, companies are borrowing from the so-called 'PE playbook' by recalibrating their businesses to account for slower growth and earlier disruption-related exuberance. The pivot towards profitability is evident from widespread workforce reductions within the technology sector that have intensified during 2023, with activist investors such as Starboard helping drive the focus on greater cost discipline. Epitomised by restructuring at Salesforce (which announced a 10% headcount reduction and increased operating margin targets), the unwinding of erroneous extrapolation of pandemic-related demand has seen layoffs move from growth-challenged companies to high-flyers like Confluent and HubSpot. Cost-cutting initiatives have shown positive early results: the median software company operating margin has expanded by nine percentage points over the past three quarters, according to Goldman Sachs.

Nonetheless, revenue growth is slowing just as it did in the recessions of 1990, 2002 and 2009 as well as during the 2016 deflationary echo. While macroeconomics will likely dictate the magnitude of the current slowdown, the good news is the best companies should still grow, just as the median SaaS company grew 18% in 2009 while, in 2002, median maintenance/subscription revenue growth was 14%. Salesforce was still able to grow revenues 21% in 2009 – impressive given the prevailing macroeconomic conditions – and therein lies the even better news which is that **growth slowdowns should help us identify more than our fair share of next-cycle winners.** After all, there is nothing like an ordeal to test strength. In 2009, each of Baidu, Google, MercadoLibre, and Salesforce.com were able to grow through a financial crisis before becoming multi-baggers during the following cycle.

Artificial Intelligence

While the macroeconomic backdrop remains highly uncertain, Chief Information Officer (CIO) spending priorities still align well with many of our key themes such as digital transformation (software), cloud and cybersecurity. The portfolio also has several additional core themes including connectivity/5G, digital advertising/ e-commerce and EV/energy transition as well as secondary/ emerging themes such as fintech/ payments. However – as the theme of this year's Annual Report attests – 2023 belongs to **Artificial Intelligence (AI)**. We have been excited about the potential of AI for many years, highlighting the remarkable progress the technology has made in narrow fields. This was led by Google's *DeepMind* acquisition which achieved 'superhuman' ability in games such as Go (2016) and Chess (2017) before solving one of the grand challenges in biology during 2021 when *AlphaFold* was able to predict 3D models of protein structures described at the time as "the most important achievement in AI ever".

That lasted until ChatGPT used a transformer model trained on 175Tb of text to generate human-like responses to seemingly any question. Able to take on different personas, write poems or programming code, even offer opinions, ChatGPT is already the first AI to "viably compete with humans". **This is likely to prove a pivotal moment for AI** with Microsoft's $10bn investment in ChatGPT maker OpenAI best understood as one of the 'opening shots' in an **AI war** that has just commenced. We have long argued that the semiconductor industry looks well positioned, with McKinsey arguing this sector might capture as much as 40-50% of the value associated with AI. This view was seemingly supported following recent record-breaking July quarter guidance from chipmaker Nvidia that was more than 50% ahead of consensus driven by AI-related strength. On the earnings call, CEO Jensen Huang spoke to a $1trn opportunity over ten years to replace CPU-based infrastructure with more efficient, accelerated computing based around GPU architectures as generative AI becomes the "primary workload of most of the world's data centres". Nvidia stock rose 24% on the day, despite having already gained 109% on a year-to-date basis prior to the report.



Source: https://blogs.nvidia.com/blog/2022/03/25/what-is-a-transformer-model/

Of course, there are myriad risks associated with AI, many of which are beyond the scope of this report. However, the fact that ChatGPT makes mistakes (so-called 'hallucinations') is not one of them; most disruptive technologies begin as 'good enough' and trading accuracy for speed worked wonders for the telegraph, Encyclopaedia Britannica, and the biro. Moral and legal questions posed by AI are more difficult to dismiss, especially those regarding bias and the potential for it to "industrialise plagiarism". While eventual regulation of AI seems inevitable, the industry would likely welcome the introduction of legislative guardrails. However, this will not be straightforward; rather than a restrictive set of regulations applied suddenly, we believe regulation may follow a 'governance by accident' approach that has underpinned the development of the airline industry; if aviation is any guide, it is possible that by reducing risk, regulation actually accelerates the adoption of AI, rather than stymies its progress.

As such, the focus on regulation – so soon after the advent of generative AI – might say more about investor fatigue around 'technology disruption' than it does about the risk regulation poses to the development of this nascent industry. This is understandable, following a period that has witnessed more than its fair share of investment hyperbole, much of which was catalysed by the pandemic. In contrast with blockchain and the metaverse – early stage technologies in search of a problem – **artificial intelligence might be "the most profound technology humanity is working on"**. From a historical perspective, generative AI could prove another key moment in human history when **codification and dissemination of knowledge is accelerated**. In the ancient world, these included the development of writing systems (such as cuneiform and hieroglyphics) around 3500-3000 BCE, as well as advanced mathematics and philosophy in Ancient Greece from the eight century BCE onwards. Libraries, historical record-keeping, and translation of ancient texts were other key developments in the codification and preservation of knowledge, aided by breakthroughs that enabled information to be stored (e.g., papyrus, paper), retrieved (e.g., cataloguing systems, encyclopaedia) and distributed (e.g., libraries, printing press). Advances in science, technology and communication during the Modern Era have "led to the codification of knowledge on an unprecedented scale" epitomised by the Internet which has facilitated knowledge sharing and democratised access to information in a manner that has changed the world.

Generative AI offers similar- if not greater - promise. Built using 'foundation' models which contain "expansive neural networks inspired by the billions of neurons connected in the human brain", generative AI applications are able to process extremely large and varied sets of unstructured data and perform more than one task. This allows them to "augment human creativity, automate labour-intensive tasks and generate novel solutions to complex problems". They can also understand natural language which means that generative AI could "change

Investment Manager's Report continued

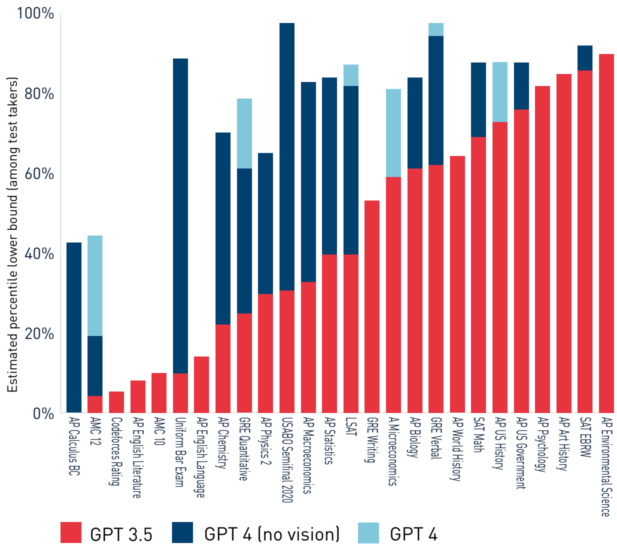
the anatomy of work" by automating activities that today account for as much as 60-70% of employees' time. However, in contrast with historic patterns of technology automation, disruption is expected to be disproportionately felt by knowledge workers. While Goldman Sachs estimate that more than 300m jobs could be at risk, we remain optimistic that humans will graduate to higher value work just as 60% of workers today are employed in occupations that did not exist in 1940. Furthermore, McKinsey forecast that generative AI could deliver $2.6-4.4trn annually to global GDP driven by productivity gains that could be as high as 3.3% per annum when generative AI is combined with other technologies. This would be remarkable given current labour market tightness, ageing Western populations and below-average productivity growth achieved during the past twenty years.

Artificial intelligence also has the potential to become a transformative 'general purpose technology' (GPT) which -like electricity, steel, and the internet – may "reshape economies, drive innovation and create new opportunities". If so, history suggests that bold, early predictions about AI may prove extremely conservative. Not just because humans struggle with non-linear change (an observation that has long informed our investment approach) but also because *as yet unknown technology improvements subsequently transform the opportunity set*. If early applications for steel were predictable (e.g., bridges, ships, rails), later and significantly larger market opportunities represented by skyscrapers, cars and home appliances could not be known in 1855 when Bessemer perfected his steelmaking process. The same was true for aviation when the jet engine (and other avionic developments) transformed the cost and safety profile of flight, resulting in passenger traffic growth compounding by more than 10% per year between 1950-1970 and helping travel and tourism become one of the world's largest sectors. More recently, the confluence of internet, cloud and smartphone has presaged widespread disruption and exponential change well beyond late 1990s predictions that were only able to peer into a near and incomplete future that was yet to feature Google, AWS, and iPhones. Today, the *app economy* is worth c.$63trn, more than 60x times greater than the value of the handset market in 2007, the year that Apple introduced the iPhone.

The impact of generative AI is likely to be felt more rapidly than either the internet or the smartphone. In part, this reflects the role that both earlier pervasive technologies will play as AI-enablers with access to ChatGPT (and other natural language 'chat' interfaces) only requiring an internet connection and a smartphone. These low barriers to adoption have already supported an **unprecedented rate** with ChatGPT taking just 2.5 months to reach 100m users, as compared to Instagram which took 2.5 years (in itself extraordinary). Another major difference between AI and prior technology shifts is the **astonishing speed of AI improvement**. This is most evident when comparing the capability of two OpenAI large language models (LLMs) – GPT-4 (the latest version) and the earlier GPT-3.5 (ChatGPT) released approximately a year apart. While GPT-3.5 was trained on 175bn parameters (akin to internal variables the model learns during its training phase), the newer GPT-4 may have been trained on as many as 170trn. In addition, GPT-4 also has a much larger context window – 25,000 words vs. c.3,000 for its predecessor – which means it is able to retain far more information from earlier conversations. Aside from its "mastery of natural language", GPT-4 "can solve novel and difficult tasks that span mathematics, coding, vision, medicine, law, psychology and more, without needing any special prompting". In all of these tasks, model performance is "strikingly close to human-level performance", evidenced by consistently high exam scores across a diverse range of disciplines (see chart).

The improvements in GPT-4 have been so remarkable that Microsoft recently posited in a whitepaper ('Sparks of artificial general intelligence ("AGI")) that the LLM "could reasonably be viewed as an early version of AGI system". The concept of AGI was popularised in the early 2000s to differentiate between 'narrow AI' being developed at the time and "broader notions of intelligence". Until recently, AGI remained a popular science fiction topic and long-term aspirational goal within AI. That is until the range and depth of GPT-4's capabilities "challenge(d) our understanding of learning and cognition" with the model said to "exhibit many traits of intelligence". Naysayers argue that large language models do not 'understand' concepts and are merely adept at 'improvising on the fly'. However, like Microsoft, we believe the question is moot. After all, one might ask "how much more there is to true understanding than 'on-the-fly' improvisation?".

GPT-4 Outperforms GPT-3.5 across multiple exams



Source: GPT3.5 vs 4 = Microsoft White Paper, 'Sparks of Artificial General Intelligence'

Technology Risks

As ever, there are multiple risks to our constructive medium-term view. Many of these relate to **macroeconomics**, particularly recession and inflation, that are covered elsewhere in this report. As previously highlighted, there remain downside risks to technology spending should CEO confidence meaningfully deteriorate. Similarly, **earnings estimates** are likely to remain subject to macroeconomic turbulence; while cost-cutting has ameliorated downward revisions to date, technology margins may be at risk should things worsen materially. Likewise, a weaker macroeconomic environment might see the current semiconductor downturn extend, resulting in delayed industry recovery and/or result in a disappointing recovery trajectory for **cloud spending** which would weigh on cloud-related sentiment.

Valuation is another key risk because the recent surge in technology stocks has seen aggregate sector valuations revisit their pandemic highs. While next-generation valuations have already been meaningfully reset, a **steeper yield curve** may delay any recovery in longer-duration valuations.

As in previous years, regulation remains a key risk too, although we are comforted by a divided Congress (making sweeping legislation unlikely) and the fact that the largest US technology companies represent the vanguard in the emerging AI battleground with China. However, deteriorating **US-Sino relations** represent a more significant threat to supply chains, especially in semiconductors. For now, the Chinese appear able to work around US legislation, suggesting it is more for domestic consumption ahead of elections, but if this is the beginning of a new economic cold war, then Taiwan – responsible for producing c90% of leading-edge semiconductors – represents a critical fault line while a meaningful escalation of tensions could weigh materially on a large part of our portfolio.

Potential regulation could also stymie the explosive growth of Generative AI which has been a key driver of technology returns during 2023. Conversely, further excitement about Generative AI might result in large-cap technology stocks perceived as AI beneficiaries and safe havens continuing to 'crowd-out' small-cap companies. We must also acknowledge the risk posed to all companies: should it become a general purpose technology (GPT) as we suspect, history suggests there will be far more losers than winners from today's group of companies within and beyond the technology sector.

Concentration risk

In addition to market and sector-specific risks, it would be remiss of us not to remind our shareholders once again about the concentration risk both within the Company and the market-cap-weighted index around which we construct the portfolio. At the year end our three largest holdings – Apple, Microsoft, and Alphabet – represented c27% and c41.9% of our NAV and benchmark (Dow Jones Global Technology Index) respectively. Last year, when these three positions accounted for 29.3% of NAV and 40.7% our benchmark respectively, we argued that concentration risk was justified because they were unique, non-fungible assets that captured the zeitgeist of this technology cycle. Following another year of sustained outperformance from these stocks, as well as several other outsized benchmark positions including Nvidia, we are pleased to have retained large absolute positions in them all even if their dominance of our benchmark has meaningfully contributed to our relative underperformance.

We remain comfortable with the strategy of moving to materially underweight positions in the largest index constituents should we become concerned about their

Investment Manager's Report continued

growth or return prospects, or should we find more attractive risk/reward profiles elsewhere in the market. However, this position is complicated by the fact that concentration today does not obviously reflect outlandish valuations as per the late 1990s; the top 10 positions in the benchmark recently accounted for c55% of constituent market capitalisation and an estimated 53% of net income in calendar year 2023. Likewise, Apple may have made headlines recently when its market-cap exceeded that of the Russell 2000 (small-cap) Index, but remarkably Apple also generates similar profits as those 2,000 companies combined. The emergence of AI also plays well into mega-caps given the significant scale (reach; data; cost) likely required to be competitive.

Unlike many of our competitors that are limited to a maximum 10% in any individual position, PCT is able to hold up to a full benchmark weight subject to a maximum limit of 15%. While this gives us more room for manoeuvre – and fewer excuses for underperformance – we rarely exceed 10% in individual stocks, and when we do, it is often via a smaller equity position held in combination with a slither of call options designed to ameliorate upside risk in exchange for a modest premium. Having been very clear with shareholders that we do not invest in certain types of stock (including private, value and those likely to require capital) perhaps this is a good opportunity to make it equally clear that we are unlikely to hold individual positions much above 10% even when they are as unique as Apple and Microsoft. If this sounds at odds with our 'benchmark-aware' approach, it is worth recalling that this approach has risk reduction at its core. It has helped us avoid hubris, appropriately size overweight positions while helping ensure the portfolio reflects the best the index has to offer. **However, benchmark concentration has begun to create a tension between managing absolute and relative risk.** As stewards of your capital as well as technology investors, we find it very difficult to argue we are reducing risk by making the portfolio ever more concentrated. While this may come at the expense of raw performance and greater relative variance, we believe a diversified portfolio of growth stocks and themes capable of outperformance, but also constructed to withstand investment setbacks will prove superior over the medium term, particularly on a risk-adjusted basis.

Conclusion

Market conditions in early 2023 lend support to a wide range of potential outcomes, both good and bad. Macroeconomics will likely continue to lead the market in the near term, although the primary debate has shifted somewhat to the timing and magnitude of a recession and its impact on revenue and earnings estimates, rather than the extent of the central bank response required to deal with inflation, as dominated last year. However, the relative performance of the technology sector – particularly after a strong run – may continue to take its cue from real rates – a good reminder that we are not out of the inflation woods yet, and the need to remain pragmatic (and highly liquid) in terms of portfolio positioning. While we typically avoid 'value' technology stocks, we do own companies able to pass on inflation to the consumer should it remain stubbornly high, even if this is not our base case.

There are two principal reasons for being more constructive on technology this year: more attractive risk/reward and the **rapid adoption of artificial intelligence.** Despite continued near-term macroeconomic uncertainty and the likelihood of further estimate cuts, the explosion of interest in AI has been a powerful reminder of why we remain so excited about our sector over the medium term. We also know that market narratives can change quickly should macroeconomic headwinds and/or exogenous risks subside. Furthermore, the risk/reward from current levels appears better: **next-generation valuations have returned to much more attractive levels,** as previously discussed. Before the recent move higher, growth internet valuations had reached multi-year lows, on an EV/NTM EBITDA basis, just as software growth-adjusted EV/sales multiples sat at 10-year lows. According to Morgan Stanley, at the beginning of 2023 80% of their software sector coverage was trading below 8.6x EV/forward sales - the median private equity takeout multiple since 2013. The semiconductor sector (SOX) had also meaningfully derated, by more than -40% from its recent highs at year end, against an average cycle decline of -26% over the past seven years. **Positioning has improved** too, although investor pessimism towards technology at the start of the calendar year has been ameliorated by its relative stability amid travails within US banking, combined with AI-related excitement.

The combination of better than expected first-quarter results and a 'flight to safety' (away from financials in favour of cash-generative mega-cap technology companies) has meant five technology stocks have driven almost two-thirds of the S&P 500's return year-to-date. An index made up of Apple, Amazon, Microsoft, Meta Platforms and Google has returned +31% versus the other 495 S&P 500 constituents' +3% return. For the calendar year, only 30% of S&P 500 companies have outperformed the market, a level not seen on a full calendar year basis since 1998 (28%) and 1999 (32%). Within technology, limited breadth is apparent by the remarkable year-to-date spread between large and small-cap technology performance (+26%) as well as the difference between the market-cap weighted NASDAQ 100 Index and an equally-weighted version of it, which at +11% is the widest spread seen over any 4.5 month period during the past 18 years.

While we expect the market to broaden, we cannot help but share the market's excitement about the AI opportunity which – at present – is most easily accessed via mega-cap stocks primarily within the semiconductor and cloud computing subsectors. After decades of unrealised hopes around artificial intelligence, we believe that generative AI is likely to prove the technology's so-called 'iPhone moment', the new user interface that sparks mass adoption. Other AI models will come, compete, and possibly surpass ChatGPT but it represents the first "hands-on introduction to how powerful modern AI has got". It has stunned consumers, investors, and companies alike; the risk and opportunity it poses to established market shares, consumer behaviour and existing profit pools has ignited a powerful wave of AI spending. Inevitably there will be technology casualties from AI disruption, while investors will have to navigate periods when narrative and fundamentals diverge. However, the "era of generative AI is just beginning" and our sector has front row seats for what is likely to be one of the most disruptive performances of our investment lifetimes.

Ben Rogoff & Ali Unwin

Polar Capital Technology Trust

18 July 2023

Investment Manager's Core Themes

Cloud Infrastructure / Cybersecurity

Cloud spending has decelerated as customers optimised their spend following rapid growth during covid, but the emergence of AI could provide another long-term growth driver given the enormous amount of compute required to train large language models.

We're excited about…

The industry continues to deliver solid growth even as customers digest some pull forward of digital transformation spending, with the three dominant vendors (Amazon, Microsoft, and Google) are still growing >20% at a >$170bn combined revenue run rate. Excitement around AI continues to support cloud capital spending growth, with much of the value of early AI adoption captured by the dominant semiconductor providers including NVIDIA and AMD. Overall cloud revenues expected to increase 4x by 2030 to >$1.35trn, assuming incremental cloud revenue added can still grow at a 25% Compounded Annual Growth Rate (CAGR). This would take the cloud's share of overall IT spending from c17% in 2022 to c36% by 2030. Cloud computing must also be secure, which has supported cybersecurity growth trends and remains at the top of Chief Information Officers' priority lists.

Current holdings

Amazon.com, Microsoft, Alphabet, Arista Networks, Advanced Micro Devices, Nvidia, Palo Alto Networks, CrowdStrike

Representing 30.4% of NAV at 30 April 2023

Connectivity & 5G/IOT

The smartphone market is mature but Apple's position atop it looks unchallengeable. While the excitement around 5G has diminished, the infrastructure build out is very much still in progress, with slower US spending offset by rapid growth in India and other emerging markets. The internet of things (IOT) continues to expand, there are hopes AI could supercharge both adoption and utility.

We're excited about…

Apple's historic success in bringing new technological breakthroughs to the mass affluent market should position it well for the coming wave of AI-based innovation. As the services consumers continue to access via their primary device become more valuable, so should consumers' willingness to pay Apple for access to the mobile web ecosystem also move higher.

AI could breathe new life into trends such as digital twins and drive an inflection in adoption. Digital twins exist in many industries including healthcare, automotive, industrial, commerce and manufacturing but are under-utilised, with the adoption rate between 8-10%. AI could enable digital twins to become 'smart' and autonomous, essential to analyse vast amounts of real-time data produced by connected sensors. Simulations are used by designers to observe 'What if?' scenarios, but AI-powered digital twins are virtual environments that can interact with and update in real time and massively increase their functionality.

Current holdings

Apple, Qualcomm, Taiwan Semiconductor, Lattice Semiconductor, ASML

Representing 17% of NAV at 30 April 2023

Digital Advertising / Ecommerce

Digital advertising and ecommerce channels captured an outsized portion of share from traditional channels during the pandemic. However, as the world began to reopen, e-commerce growth rates declined sharply against very challenging Covid comparators – even dipping below trend and further compounded by a switch in consumer spending from goods to services spending.

We're excited about...

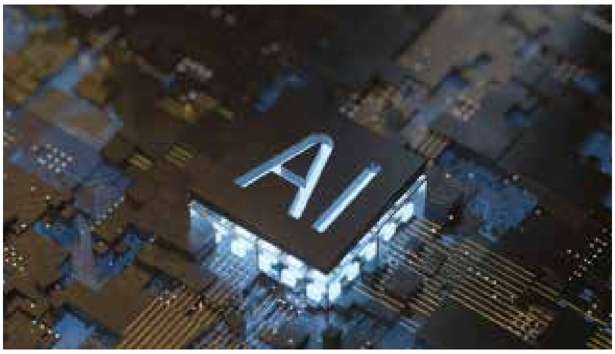
E-commerce has several structural tailwinds which should continue to support a low double-digit growth CAGR through 2030. Bernstein estimate an 11.5% CAGR in the US through 2030 to reach 26% online penetration as a total percentage of retail sales, and a global CAGR of 13% to reach 22%. The e-commerce proposition continues to evolve to offer more value to consumers and producers alike including new models such as on-demand delivery, low-cost direct-to-consumer Chinese players, pre-used marketplaces, and new modalities like social commerce. The Covid overbuild will pay an 'infrastructure dividend' as volumes catch up to capacity and per-unit delivery economics continue to improve.

Digital advertising appears more mature with penetration at more than 60% (some estimate as high as 70%) and close to 50% ex-search. Retail media (likened to paying for shelf-space in the physical world) and linear TV advertising still present new market opportunities sized at >$100bn each. Going forward, the market will become more cyclical and more closely tied to overall advertising budget growth but will benefit from a cyclical upturn. Depressed valuation multiples and highly cash-generative business models offer the possibility of strong stock performance when cyclical trends inflect or secular headwinds (IDFA, TikTok) abate.

Current holdings

Alphabet, Amazon.com, Meta Platforms, MercadoLibre, Shopify, Alibaba, Airbnb

Representing 14% of NAV at 30 April 2023



Software & Digital Transformation

According to Gartner, enterprise software had grown at an 11% 10-year CAGR to reach c$600bn, made up 16% of total IT spending in 2020 and is expected to continue to grow at a similar rate to reach 25% of IT spending by 2030. Net new cloud workloads and on-premise workload migrations have delivered higher net new cloud revenue every year for a decade.

We're excited about...

We agree with Microsoft CEO Satya Nadella's estimate that technology spending as a percentage of GDP could double in the next ten years as the digital transformation imperative continues to drive change. We can already see the increasing importance of software as a percentage of GDP as software private fixed investment increased from $68bn in 1995 to $578bn in 2022, increasing from 0.83% of GDP to 2.3%, using the Bureau of Economic Analysis's data. The digital transformation market has been sized at $595bn in 2022 and is projected to grow at a 21% CAGR through 2027 to exceed c$1.5trn.The proliferation of product-led growth (PLG) software models has been driven by the convergence of several major technological and business trends. This model uses the software product itself is the primary sales vehicle to attract, monetize and retain customers, relying on customers self-serving to land small and then expand virally over time. Given the relatively low cost of incremental sales, this business model may even be an improvement to the outstanding economic model software companies already enjoy at scale.

Current holdings

Microsoft, HubSpot, ServiceNow, Workday, Atlassian, Salesforce

Representing 17% of NAV at 30 April 2023

Investment Manager's Core Themes continued

Data Economy & Artificial Intelligence

Recent AI breakthroughs following Google's invention of the transformer model (2017) and the development of large language models have led to an inflection point in AI capabilities as their performance scales with the number of parameters. The launch of ChatGPT in November 2022 provided the catalyst for their widespread adoption and the 'iPhone moment' as the innovative natural language user interface drove rapid adoption.

We're excited about…

AI is set to be the next major secular technology trend driving the sector's growth. The early beneficiaries largely reside in the technology stack which powers the training and inference operations of large language models, particularly semiconductors. Given the extraordinary scale and technical expertise required, the vast majority of large language model training activity has so far taken place in the public cloud. The quantity and quality of data on which models are trained makes a material difference to their performance, so there may be large growth opportunities for infrastructure software companies whose products can help with the collection and management of vast datasets. We are hugely excited about the potential for AI to become a general purpose technology (GPT) around which 'everything' is reimagined, as was the case with earlier GPTs such as the steam engine, electricity and, more recently, the internet.

Current holdings

Nvidia, Monolithic Power Systems, Advanced Micro Devices, Pure Storage, Snowflake, MongoDB, Samsung Electronics

Representing 14.2% of NAV at 30 April 2023

Mobility & EV / Energy Transition

Automotive sales have been impacted by supply-chain disruption, particularly microcontrollers and power semiconductors. However, there were also signs of weakening demand as the year progressed, driven by macroeconomic headwinds including high inflation and interest rates. The long-term themes – electrification; autonomy; mobility – continue to play out.

We're excited about…

Electric vehicle (EV) adoption has inflected globally: the International Energy Agency (IEA) expects electric vehicles to reach 18% of vehicles on the road in 2023, up from 4% in 2020.This has been driven by a combination of government support/regulation, new product introductions (automakers have committed over a half a trillion dollars to the EV transition) and consumer interest. This also represents a very large market expansion for semiconductors (especially power semiconductors) as a typical EV has >2x as much semiconductor content than a comparable internal combustion engine (ICE) vehicle. Low-level ADAS (advanced driver assistance systems), such as automatic emergency braking, reached 42% penetration and industry observers still expect level 4/5 vehicles to enter the market in the 2025-30 timeframe. The passing of the Inflation Reduction Act (IRA) was a watershed moment for long-term cleantech funding and a key growth driver for the EV sector, expanding the $7,500 tax credit to EV buyers and up to $45 per kWh of credit for producers of battery cells/modules if a sufficient percentage of the materials/manufacturing are done in the US.

Current holdings

Tesla, BYD, ON Semiconductor, Analog Devices, Infineon Technologies, Enphase Energy

Representing 4.8% of NAV at 30 April 2023

Portfolio Review

Performance Attribution

Movement in net asset value (total return) per share

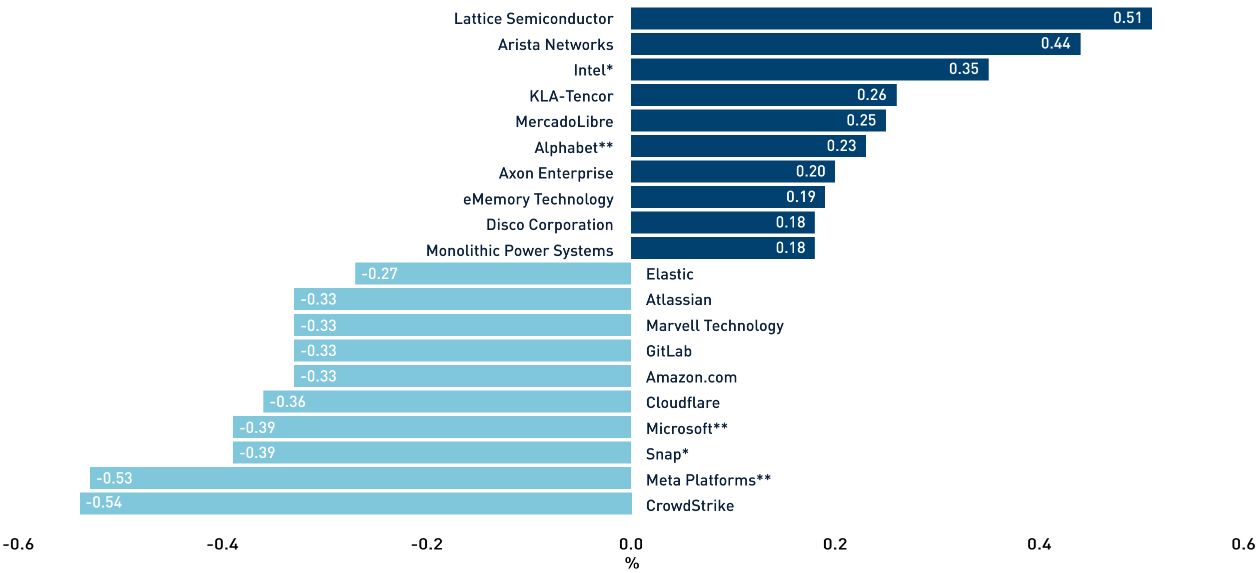
Over the year to 30 April 2023 the Net Asset Value per share fell by 2.84% compared to the increase in total return provided by the Benchmark of 2.85%. The below table breaks down the Company's absolute one year return into market impact, active management and other factors.

	%	%	Pence per share
NAV per share at 30 April 2022			**2305.13**
Market Impact			
Benchmark performance (Sterling adjusted)		2.85	
Active Management			
Stock Allocation Effect~	-4.84		
Stock Trading and Timing Effect~	-0.22		
		-5.06	
Other factors			
Liquidity/gearing Effect	0.18		
Ongoing charges	-0.81		
		-0.63	
Performance of NAV		-2.84	-65.65
NAV per share at 30 April 2023			**2239.48**

~ Stock allocation effect refers to the portion of the total relative performance which is attributable to being overweight or underweight in a security. Please refer to the Performance Attribution by Investment below for further details. Stock Trading and Timing effect refers to the portion of the total relative performance which is attributable to the different returns from a security in the fund and in the benchmark over the same period of time. Refer to Investment Manager's Report on pages 14 to 27 for further information.

Performance Attribution by Investment

The top ten relative contributors and the bottom ten relative detractors from performance over the year to 30 April 2023.

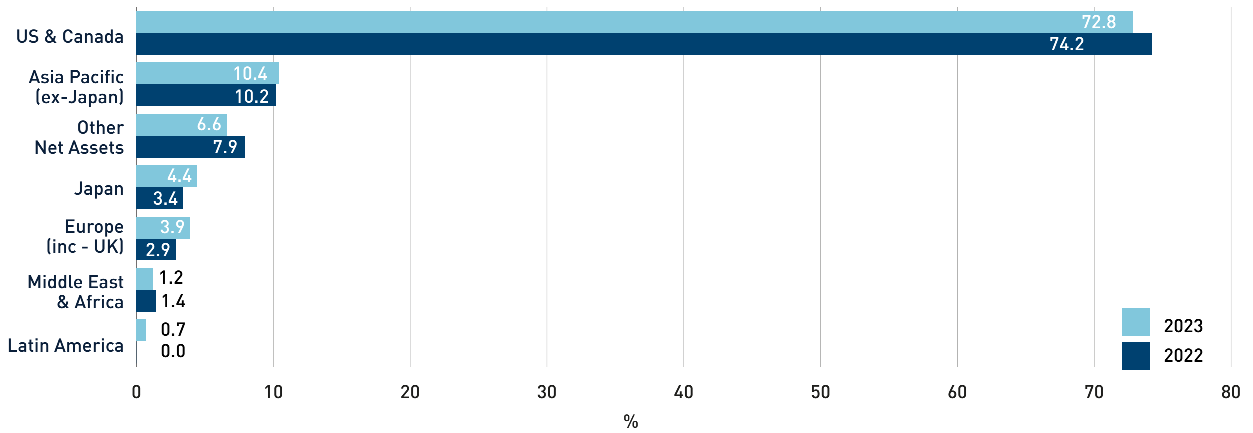


All of the above companies were held during the year to 30 April 2023. All data sourced from Polar Capital LLP
*not held at the year ended 30 April 2023/**underweight position relative to the Benchmark.

Portfolio Review continued

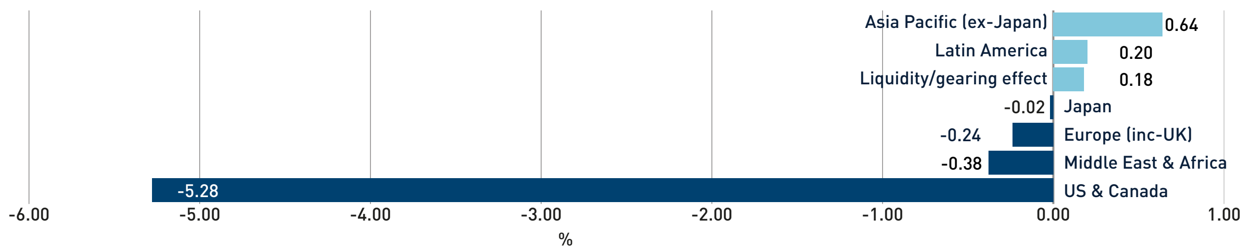
Breakdown of investments by region

as at 30 April 2023



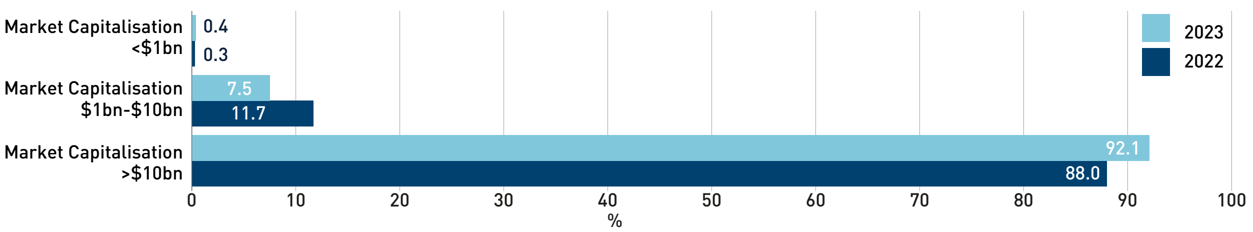
Performance attribution by region*

year to 30 April 2023



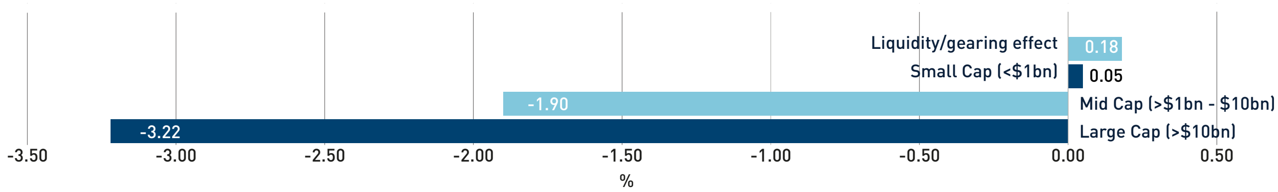
Market capitalisation of underlying investments

as at 30 April 2023



Performance attribution by market capitalisation*

year to 30 April 2023



* This represents the gross return of the fund minus the benchmark return. This reflects the attribution effect where the fund's return is compared to the benchmark return (excluding ongoing charges of 0.81%).

Classification of Investments*

as at 30 April 2023

	North America (inc. Latin America) %	Europe %	Asia Pacific (inc. Middle East) %	Total 30 April 2023 %	Total 30 April 2022 %	Benchmark Weightings as at 30 April 2023 %
Software	22.7	0.1	1.3	24.1	27.6	29.0
Semiconductors & Semiconductor Equipment	15.9	3.3	4.8	24.0	22.4	22.6
Technology Hardware, Storage & Peripherals	10.4	-	3.0	13.4	14.6	21.5
Interactive Media & Services	9.8	-	1.9	11.7	14.0	15.0
IT Services	3.8	-	0.2	4.0	2.3	5.2
Broadline Retail	2.5	-	0.8	3.3	-	1.5
Financial Services	2.7	0.4	0.2	3.3	-	0.1
Electronic Equipment, Instruments & Components	0.1	-	1.3	1.4	1.6	0.5
Communications Equipment	1.4	-	-	1.4	1.5	2.6
Hotels, Restaurants & Leisure	0.7	-	0.5	1.2	-	0.5
Automobiles	0.5	-	0.6	1.1	1.6	-
Entertainment	1.0	-	-	1.0	1.2	0.6
Healthcare Equipment & Supplies	0.5	-	0.5	1.0	0.6	-
Ground Transportation	0.9	-	-	0.9	-	-
Machinery	-	-	0.9	0.9	0.7	-
Healthcare Technology	0.4	-	-	0.4	-	0.2
Aerospace & Defence	0.2	-	-	0.2	0.7	-
Electrical Equipment	-	0.1	-	0.1	0.4	-
Internet & Direct Marketing Retail	-	-	-	-	2.9	-
Total investments (£2,640,177,000)	**73.5**	**3.9**	**16.0**	**93.4**	**92.1**	
Other net assets (excluding loans)	6.4	0.9	1.1	8.4	9.6	
Loans	(1.0)	-	(0.8)	(1.8)	(1.7)	
Grand total (net assets of £2,828,141,000)	**78.9**	**4.8**	**16.3**	**100.0**	**-**	
At 30 April 2022 (net assets of £3,050,985,000)	79.3	5.2	15.5	-	100.0	

* The classifications are derived from the Benchmark as far as possible. The categorisation of each investment is shown in the portfolio available on the Company's website. Where a dash is shown for the Benchmark it means that the sector is not represented in the Benchmark. Not all sectors of the Benchmark are shown, only those in which the Company has an investment at the financial year end.

Portfolio Review continued

Top 10 Investments as at 30 April 2023

Company	Ranking 2023	Ranking 2022	Value of holding £'000 2023	Value of holding £'000 2022	% of total net assets 2023	% of total net assets 2022	Description
Microsoft Held since: 2007	1	(1)	302,791	336,977	10.7	11.0	Founded in 1975, the company is the largest software company in the world and has built a dominant franchise in desktop software through its ubiquitous Windows operating system, Office productivity software and Azure Cloud computing service.
 Held since: 2003	2	(2)	284,199	305,244	10.0	10.1	Apple is a leading supplier of personal computers, smartphones, tablets and accessories such as AirPods that feature or integrate with the company's proprietary OS X operating system. Other services include AppleTV, Apple Music and its subscription-based iCloud storage.
 Held since: 2005	3	(3)	174,388	249,058	6.2	8.2	As the parent company of Google, the company is the dominant provider of Internet search, online advertising, web applications and tools and its Android (mobile OS) combined with Chrome (browser) and Google Maps have enabled it to maintain its market leadership during the mobile internet transition.
NVIDIA Held since: 2016	4	(4)	130,855	95,065	4.6	3.1	NVIDIA is a US fabless semiconductor company with leading market share in graphics processors (GPUs) used in gaming, professional visualisation, data centre and automotive. Supported by its CUDA programming model, the company's GPUs are critical components in Artificial Intelligence (AI) platforms helping to train neural networks.
AMD Held since: 2016	5	(5)	94,299	86,045	3.3	2.8	Advanced Micro Devices is an American semiconductor company that develops computer processors and related technologies for business and consumer markets.
SAMSUNG ELECTRONICS Held since: 2007	6	(6)	83,894	82,312	3.0	2.7	A manufacturer of a wide array of products ranging from components to finished products for both consumer electronics and industrial end markets. The company is particularly renowned for its high global market share in the fields of memory semiconductors (NAND/DRAM), LCD displays, and mobile smartphones/tablets.
 Held since: 2001	7	(11)	82,047	54,509	2.9	1.8	Meta is the world's dominant social networking company. It also owns Instagram, a photo and video sharing social networking service and the instant messaging service WhatsApp among other products and services.
tsmc Held since: 2001	8	(7)	61,421	82,012	2.2	2.7	Taiwan Semiconductor engages in the manufacture and sale of integrated circuits and wafer semiconductor devices. Its chips are used in personal computers and peripheral products; information applications; wired and wireless communications systems products; automotive and industrial equipment including consumer electronics such as digital video compact disc player, digital television, game consoles, and digital cameras.
servicenow Held since: 2015	9	(10)	51,884	56,280	1.8	1.8	ServiceNow is an American software company that develops a cloud computing platform to help companies manage digital workflows for enterprise operations.
ASML Held since: 2001	10	(8)	49,941	59,248	1.8	1.9	ASML manufacture complex lithography machines which chipmakers use to produce integrated circuits, or computer chips and provide chipmakers with hardware, software and services to mass produce patterns on silicon through lithography.
Total			**1,315,719**		**46.5**		

Full Portfolio

Ranking 2023	Ranking 2022	Stock	Sector	Region	Value of holding 30 April 2023 £'000	Value of holding 30 April 2022 £'000	% of net assets 30 April 2023 %	% of net assets 30 April 2022 %
1	(1)	Microsoft	Software	North America	302,791	336,977	10.7	11.0
2	(2)	Apple	Technology Hardware, Storage & Peripherals	North America	284,199	305,244	10.0	10.1
3	(3)	Alphabet	Interactive Media & Services	North America	174,388	249,058	6.2	8.2
4	(4)	Nvidia	Semiconductors & Semiconductor Equipment	North America	130,855	95,065	4.6	3.1
5	(5)	Advanced Micro Devices	Semiconductors & Semiconductor Equipment	North America	94,299	86,045	3.3	2.8
6	(6)	Samsung Electronics	Technology Hardware, Storage & Peripherals	Asia Pacific	83,894	82,312	3.0	2.7
7	(11)	Meta Platforms	Interactive Media & Services	North America	82,047	54,509	2.9	1.8
8	(7)	Taiwan Semiconductor	Semiconductors & Semiconductor Equipment	Asia Pacific	61,421	82,012	2.2	2.7
9	(10)	ServiceNow	Software	North America	51,884	56,280	1.8	1.8
10	(8)	ASML	Semiconductors & Semiconductor Equipment	Europe	49,941	59,248	1.8	1.9
Top 10 investments					**1,315,719**		**46.5**	
11	(9)	Amazon.com	Broadline Retail	North America	46,756	57,558	1.7	1.9
12	(17)	HubSpot	Software	North America	45,203	38,675	1.6	1.3
13	(13)	Arista Networks	Communications Equipment	North America	38,201	44,318	1.4	1.5
14	(16)	CrowdStrike	Software	North America	36,041	39,441	1.3	1.3
15	(14)	Tencent	Interactive Media & Services	Asia Pacific	35,666	43,880	1.3	1.4
16	(15)	KLA-Tencor	Semiconductors & Semiconductor Equipment	North America	35,072	39,816	1.2	1.3
17	(24)	Mastercard	Financial Services	North America	34,908	26,330	1.2	0.9
18	(41)	Palo Alto Networks	Software	North America	34,847	18,479	1.2	0.6
19	(-)	Analog Devices	Semiconductors & Semiconductor Equipment	North America	33,975	-	1.2	-
20	(77)	Infineon Technologies	Semiconductors & Semiconductor Equipment	Europe	33,792	6,891	1.2	0.2
Top 20 investments					**1,690,180**		**59.8**	
21	(60)	Workday	Software	North America	33,429	11,557	1.2	0.4
22	(38)	Visa	Financial Services	North America	33,156	19,629	1.2	0.6
23	(21)	Qualcomm	Semiconductors & Semiconductor Equipment	North America	32,525	32,622	1.1	1.0
24	(35)	Monolithic Power Systems	Semiconductors & Semiconductor Equipment	North America	32,453	20,305	1.1	0.7
25	(45)	Cloudflare	IT Services	North America	29,973	15,864	1.0	0.5
26	(51)	Shopify	IT Services	North America	29,497	13,251	1.0	0.4
27	(42)	Salesforce.com	Software	North America	27,910	18,315	1.0	0.6
28	(49)	Snowflake	IT Services	North America	27,622	13,973	1.0	0.5
29	(80)	Disco Corporation	Semiconductors & Semiconductor Equipment	Asia Pacific	26,960	6,256	1.0	0.2
30	(-)	Uber Technologies	Ground Transportation	North America	25,788	-	0.9	-
Top 30 investments					**1,989,493**		**70.3**	

Portfolio Review continued

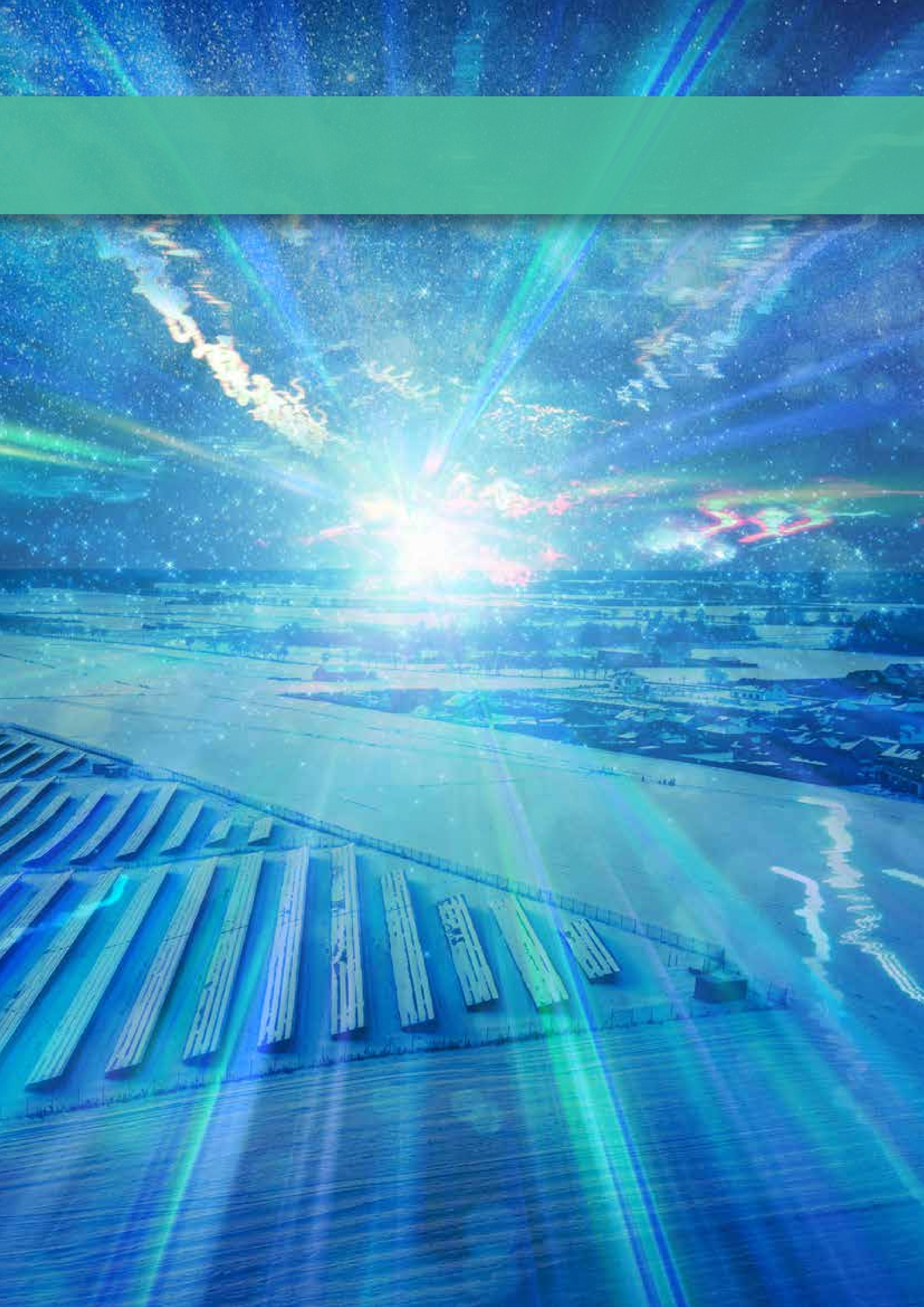
Full Portfolio continued

Ranking 2023	Ranking 2022	Stock	Sector	Region	Value of holding 30 April 2023 £'000	Value of holding 30 April 2022 £'000	% of net assets 30 April 2023 %	% of net assets 30 April 2022 %
31	(34)	CyberArk Software	Software	Asia Pacific	24,330	21,721	0.9	0.7
32	(73)	Keyence	Electronic Equipment, Instruments & Components	Asia Pacific	23,561	8,251	0.8	0.3
33	(28)	Tokyo Electron	Semiconductors & Semiconductor Equipment	Asia Pacific	23,016	23,889	0.8	0.8
34	(40)	Alibaba	Broadline Retail	Asia Pacific	22,333	18,888	0.8	0.6
35	(50)	MongoDB	IT Services	North America	22,107	13,343	0.8	0.5
36	(-)	MercadoLibre	Broadline Retail	North America	20,965	-	0.8	-
37	(26)	Lattice Semiconductor	Semiconductors & Semiconductor Equipment	North America	20,572	24,788	0.7	0.8
38	(-)	Dynatrace	Software	North America	19,644	-	0.7	-
39	(47)	ON Semiconductor	Semiconductors & Semiconductor Equipment	North America	19,534	14,451	0.7	0.5
40	(37)	Airbnb	Hotels, Restaurants & Leisure	North America	19,073	19,708	0.7	0.7
Top 40 investments					**2,204,628**		**78.0**	
41	(-)	Confluent	Software	North America	18,140	-	0.6	-
42	(72)	Roblox	Entertainment	North America	17,444	8,655	0.6	0.3
43	(-)	Baidu	Interactive Media & Services	Asia Pacific	16,616	-	0.6	-
44	(32)	BYD	Automobiles	Asia Pacific	15,976	23,080	0.6	0.7
45	(-)	Trip.Com	Hotels, Restaurants & Leisure	Asia Pacific	15,415	-	0.5	-
46	(-)	Pinterest	Interactive Media & Services	North America	15,134	-	0.5	-
47	(56)	eMemory Technology	Semiconductors & Semiconductor Equipment	Asia Pacific	14,524	12,388	0.5	0.4
48	(71)	Hoya	Healthcare Equipment & Supplies	Asia Pacific	14,264	8,746	0.5	0.3
49	(18)	Marvell Technology	Semiconductors & Semiconductor Equipment	North America	13,879	38,601	0.5	1.2
50	(23)	Tesla Motors	Automobiles	North America	13,358	26,891	0.5	0.9
Top 50 investments					**2,359,378**		**83.4**	
51	(-)	Intuitive Surgical	Healthcare Equipment & Supplies	North America	13,230	-	0.5	-
52	(44)	Smartsheet	Software	North America	13,018	16,414	0.5	0.5
53	(78)	Harmonic Drive Systems	Machinery	Asia Pacific	12,777	6,430	0.5	0.2
54	(64)	Paycom Software	Software	North America	12,567	10,780	0.4	0.3
55	(-)	Adyen	Financial Services	Europe	12,348	-	0.4	-
56	(66)	Atlassian	Software	Asia Pacific	12,039	9,414	0.4	0.3
57	(39)	E Ink	Electronic Equipment, Instruments & Components	Asia Pacific	12,028	19,235	0.4	0.6
58	(68)	Kinaxis	Software	North America	11,909	9,169	0.4	0.3
59	(36)	Pure Storage	Technology Hardware, Storage & Peripherals	North America	10,694	19,712	0.4	0.7
60	(83)	Intuit	Software	North America	10,538	5,521	0.4	0.2
Top 60 investments					**2,480,526**		**87.7**	

Ranking 2023	Ranking 2022	Stock	Sector	Region	Value of holding 30 April 2023 £'000	Value of holding 30 April 2022 £'000	% of net assets 30 April 2023 %	% of net assets 30 April 2022 %
61	(-)	Veeva Systems	Healthcare Technology	North America	10,390	-	0.4	-
62	(-)	Activision	Entertainment	North America	10,372	-	0.4	-
63	(58)	SiTime	Semiconductors & Semiconductor Equipment	North America	9,912	11,860	0.4	0.4
64	(-)	ASM International	Semiconductors & Semiconductor Equipment	Europe	9,614	-	0.3	-
65	(-)	Flywire	Financial Services	North America	9,503	-	0.3	-
66	(30)	Elastic	Software	North America	9,134	23,453	0.3	0.8
67	(55)	SolarEdge Technologies	Semiconductors & Semiconductor Equipment	Asia Pacific	8,976	12,519	0.3	0.4
68	(-)	Enphase Energy	Semiconductors & Semiconductor Equipment	North America	8,577	-	0.3	-
69	(-)	First Solar	Semiconductors & Semiconductor Equipment	North America	7,708	-	0.3	-
70	(-)	Teradyne	Semiconductors & Semiconductor Equipment	North America	7,012	-	0.2	-
Top 70 investments					**2,571,724**		**90.9**	
71	(75)	Fuji Machine Manufacturing	Machinery	Asia Pacific	5,680	7,403	0.2	0.2
72	(48)	TripAdvisor	Interactive Media & Services	North America	5,535	14,362	0.2	0.5
73	(-)	Nabtesco	Machinery	Asia Pacific	5,533	-	0.2	-
74	(33)	Axon Enterprise	Aerospace & defence	North America	5,357	21,985	0.2	0.7
75	(-)	GMO Payment Gateway	Financial Services	Asia Pacific	5,224	-	0.2	-
76	(92)	Zuken	IT Services	Asia Pacific	5,187	3,081	0.2	0.1
77	(-)	Freshworks	Software	North America	4,659	-	0.2	-
78	(46)	Power Integrations	Semiconductors & Semiconductor Equipment	North America	4,388	14,930	0.2	0.5
79	(-)	GitLab	Software	North America	4,063	-	0.2	-
80	(-)	Darktrace	Software	Europe	4,039	-	0.1	-
Top 80 investments					**2,621,389**		**92.8**	
81	(90)	Impinj	Semiconductors & Semiconductor Equipment	North America	4,012	3,417	0.1	0.1
82	(-)	Braze	Software	North America	3,668	-	0.1	-
83	(-)	Cognex	Electronic Equipment, Instruments & Components	North America	3,471	-	0.1	-
84	(93)	Seeing Machines	Electronic Equipment, Instruments & Components	Asia Pacific	3,265	2,894	0.1	0.1
85	(59)	Ceres Power	Electrical Equipment	Europe	2,703	11,569	0.1	0.4
86	(-)	HashiCorp	Software	North America	1,668	-	0.1	-
87	(96)	Cermetek Microelectronics	Electronic Equipment, Instruments & Components	North America	1	1	-	-
Total equities					**2,640,177**		**93.4**	
Other net assets					**187,964**		**6.6**	
Total net assets					**2,828,141**		**100.0**	

Note: Asia Pacific includes Middle East and North America includes Latin America.

Environmental, Social and Governance



ESG – Corporate Perspective

This report forms part of the Strategic report section

As an investment trust with a wholly non-executive, independent Board of Directors we delegate the operational aspects of running the Company to third parties, primarily the Investment Manager. However, the ultimate responsibility to stakeholders lies with the Board. We recognise that this includes elements of ESG and over recent years ESG has become ever more important to investors, from a cost, risk and impact perspective across all aspects of the Company. We recognise however that this is not a short journey and there is some way to go.

Investment trust companies, like Polar Capital Technology Trust plc currently have relatively few ESG specific regulatory reporting requirements but we strive to be cognisant of best practice as we pursue a long-term and sustainable future for the Company. The Board has continued to develop its understanding of sustainability and ESG more generally, sharing their stance with the Investment Manager, Polar Capital. The ESG dialogue with the Managers and third-party providers has increased greatly; what it is, how it is integrated and how it affects all elements of the business. On pages 14 to 27 the Investment Manager reports their assessment of the portfolio in ESG terms and the associated operations of the management house, Polar Capital. Below, we separate ESG into those areas that we as a Board can have a direct impact on, and those areas where we are reliant on others.

ESG and third-party service providers

The Investment Manager (on behalf of all clients) receives assurance on an annual basis that, where required, third-party service providers comply with the requirements of the Modern Slavery Act and adhere to a zero-tolerance policy to bribery and corruption. In light of the growing requirements surrounding ESG, including TCFD, third party service providers have been engaged in providing copies of their ESG, diversity and inclusion, stewardship and other related policies to the Company. The Board will continue to monitor the practices of service providers and seek to assure shareholders where appropriate that suitable policies and procedures are in place to effect positive change.

Corporate responsibility

The Company's core investment and administrative activities are undertaken by its Investment Manager which aims to limit the use of non-renewable resources and reduce waste where possible. The Investment Manager has a corporate ESG policy, which is available in the document library of the Company's website, and wherever possible and appropriate the parameters of such are considered and adopted by the investment team in relation to the Company's management and portfolio construction. As aforementioned, the Portfolio Managers are required to consider ESG factors when reviewing new, continuing or exiting investments but they are not required to take an investment decision solely on the basis of ESG factors.

The Board monitors the Investment Manager's approach to ESG including policies for improving their impact on the environment, and they themselves take into account ESG factors in the management of the Company. The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas (GHG) emissions for which they are responsible. The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, it has no GHG emissions to report from its operations nor does it have responsibility for any other emissions. Information on the GHG emissions of the Investment Manager can be found within the ESG and Sustainability area of their website.

Taskforce for Climate-Related Financial Disclosures (TCFD)

The Company notes the TCFD recommendations on climate-related financial disclosures. As stated above, the Company is an investment trust with no employees, internal operations or property. However, it is an asset owner and therefore we will work to develop appropriate disclosures about our portfolio. Information sources are developing and consultations on reporting requirements are underway. The Board will continue to work alongside its Investment Manager to provide more information as it becomes available. Polar Capital supports TCFD's recommendations and is in the process of applying the guidance to ensure compliance going forward.

Diversity Policy and Gender Reporting

The Company has no employees and the Board is comprised of three female and three male independent non-executive Directors. The Board recognises the importance and the benefits of diversity in its membership and seeks to ensure that its structure, size and composition, including the skills, knowledge, gender, ethnicity and experience of Directors, is sufficient for the effective direction and control of the Company.

The Board is mindful of the importance of having a suitably mapped board succession and renewal process in line with corporate governance best practice and the Nomination

Committee keeps succession planning under review. The Board has put in place a succession plan based on the recommended nine-year tenure of Directors. The Board will continue to consider the benefits of diversity throughout any recruitment process, especially when compiling a shortlist of candidates and selecting individuals for interview in order to ensure a wide group of candidates. The Board has taken care to take account of this when developing job specifications and in the use of head-hunters who demonstrate an ability to widen the pool of candidates. We are acutely aware that not doing so could mean we do not attract candidates who support the Board as a whole to function as best it can. The Board's Diversity Policy is discussed further in the Corporate Governance Report on page 78.

The Company has not adopted a policy on human rights as it has no employees or operational control of its assets.

Modern Slavery Act

As an investment company, the Company does not provide goods or services in the normal course of business and does not have any customers. Accordingly, the Company does not consider that it falls within the scope of the Modern Slavery Act 2015 and therefore does not meet the criteria requiring it to produce a statement under the Act. The Company considers its supply chains to be of low risk as its suppliers are typically professional advisers. A statement by the Manager under the Act has been published on their website.

Anti-bribery, corruption and tax evasion

The Board has adopted a zero-tolerance policy (which is available on the Company's website) to bribery, corruption and the facilitation of tax evasion in its business activities. The Board uses the principles of the policies formulated and implemented by the Investment Manager and expects the same standard of zero-tolerance to be adopted by third-party service providers. The Company has implemented a Conflicts of Interest policy to which the Directors must adhere, in the event of divergence between the Investment Manager's policy and the Company's policy the Company's policy shall prevail. The Company is committed to acting with integrity and in the interests of shareholders at all times.

Risk and Responsibility

The Board has a schedule of principal risks and uncertainties and addresses how these are mitigated on pages 62 to 65; additionally how the directors have undertaken their duties in compliance with s172 of the Companies Act 2006 is provided on pages 66 to 71.

Catherine Cripps
Chair

18 July 2023

ESG – Investment Perspective

The following report describes the approach Polar Capital LLP, as Investment Manager to the Company, takes to ESG and how the policies and practices are applied to the investments made, or considered, in connection with managing the portfolio of the Company.

The terms 'our', 'we', 'us' relate to Polar Capital and specifically the Polar Capital Technology team, on behalf of Polar Capital Technology Trust (the Company).

Polar Capital's approach to ESG

The Polar Capital Technology team continue to enhance their approach to ESG, but the primary aim remains unchanged: to consider the wide range of ESG risks prevalent in the technology sector while still reflecting the enormous opportunities for technology companies to help solve existential environment and social challenges such as climate change and financial inclusion.

Our ESG approach focuses on the ESG issues and factors we believe are most material to the portfolio and the planet and seeks to combine our sector domain expertise with rigorous external research and oversight. We engage with companies on ESG matters where it can add value to our investment process and/or where we can use our influence to support positive change.

Evaluating and Enhancing our ESG Process

Last year's annual report offered detailed ESG disclosure and discussion of our ESG process. We continue to enhance the process, for example introducing pre-trade ESG checks for new positions (see further details below) and greater use of research tools which can augment ESG-related research including AI-powered research tool Alphasense and expert network transcript service Tegus. The services of our in-house ESG consultant remain invaluable as the Team continues to develop its knowledge and experience in ESG analysis.

Some parts of the process have worked very well, for example our focus on governance and remuneration practices has helped the team identify companies with the potential for earnings surprises and multiple rerating as many software and internet companies became more attuned to investors' desire for a more even balance of profitability and growth. This has not necessarily been a question of identifying companies with the 'best' governance, but rather those with the potential for the biggest change in their remuneration policies and hiring practices and made up part of our investment thesis in previously heavily loss-making companies including Confluent, Freshworks and Monday.com. The ESG process has also prompted incremental company interactions that would have been less likely without it, including direct conversations with investee company board directors, including at Smartsheet.

Other aspects require further attention. Some investee companies have been unreceptive to engagement attempts; others have engaged but offered little detail beyond their publicly stated commitments. Finally, it is inevitable that the process feels less relevant for positions held for a shorter period of time.

In terms of the next stage of ESG process enhancement, extraordinary recent advances in Artificial Intelligence (AI) bring new and complex ESG challenges. Existing ESG tools and frameworks appear insufficient on their own to address these.

Integrating ESG into our investment process

Exclusions

The Company adheres to formal exclusions on all companies that are linked to the production and/or marketing of controversial weapons (cluster munitions; anti-personnel mines; depleted uranium). We may also choose to exclude companies in certain subsectors that, in our or the Board's belief, may have a negative impact on the planet and global population by virtue of their business activities and those companies in breach of sustainability principles or widely-accepted behavioural norms including, but not limited to, the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's conventions and the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises. Any such exclusions are discussed with the Board and are reassessed annually. Where a company does not demonstrate adequate and timely progress towards re-aligning with these standards, we may choose to divest from the company, taking into account the liquidity of the holding.

Alignment

To assess the portfolio's potential to have a positive impact on the planet and global population, we want to reflect the role technology companies can play in bringing about positive environmental and social outcomes. The environmental and social characteristics with which the Company aligns reflect the wide scope of technology adoption in the world today and portfolio companies' roles in supporting (1) access to technology and communications infrastructure, (2) increasing business productivity and efficiency, and (3) empowering individuals.

At a high level, the distinction between the characteristics is as follows:

- **Access to technology and communications infrastructure.** This includes companies whose products and services provide technology, communications, clean technology, and data security infrastructure to promote inclusive and sustainable industrialisation and foster innovation. This may include cloud computing (cloud providers, networking equipment providers, semiconductor companies, semiconductor capital equipment companies, infrastructure software); clean technology (power semiconductors, renewable technology); data security (cybersecurity, encryption, anti-fraud technology).
- **Increasing business productivity and efficiency.** This includes companies that contribute to responsible economic growth through products and services that enable increases in workforce productivity, new business formation and more efficient use of resources. This may include application software, online advertising, e-commerce, data management, artificial intelligence, and automation.
- **Empowering individuals.** This includes companies whose products and services enhance the wellbeing and lives of individuals through innovative platforms and services that support social empowerment, improved communication, broader access to commerce, lifelong learning, training, and inclusion. This may include social networking, smart phones and their supply chain, online services, health technology, educational technology, financial technology, and consumer internet.

ESG – Investment Perspective continued

ESG analysis

As a team, we use a combination of third-party research and our own proprietary work to carry out ESG analysis at the company level. We have also found a third-party assessment and scoring approach useful as an independent check on a company's ESG profile. MSCI ESG ratings and research aims to measure a company's resilience to long-term, financially relevant ESG risks by scoring a company's exposure to, and management of, the material ESG risks and opportunities in its industry ('Key Issues'), relative to the company's peers.

The limitations of MSCI's approach can include issues around data accuracy and timeliness, inappropriate peer groups and a failure to consider fully the context around ESG issues. More significantly, MSCI does not always reflect the most material ESG risks and opportunities a company may face when considered through the lens of our domain knowledge and industry experience. We therefore believe it is important to continue to undertake our own proprietary ESG work when assessing companies, and this work must be led by the investment team with oversight and support from Polar Capital's Risk and Sustainability teams.

Part 1: Investigate and assess third-party research

We use third-party ESG analysis reports as a useful 'first pass' for company-level analysis as part of a wider assessment. We investigate areas where an individual company scores poorly, check the information used to make sure the score is accurate and timely, and take a view on the materiality of the issue or controversy.

We also use this initial assessment as one basis for engagement if we believe doing so can help us better understand the issue, or we can influence the company to mitigate it. Many clients and other stakeholders also view the Company's ESG profile through the lens of an external provider, often MSCI, so it is important we can understand and explain what drives this.

Part 2: Proprietary research

Where appropriate, we conduct our own proprietary research to assess material sustainability issues not captured by third-party assessments, often for reasons of methodology or scope, making use of company filings, sustainability reports, sell-side research, news reports and other sources. This helps us assess any material limitations in the data or information relied upon for third-party assessments and allows us to assess companies not covered by third-party providers (such as companies new to the public market).

When considering a prospective new position, a review of a company's ESG risk factors is undertaken. In particular, we assess whether there are any material controversies, legal proceedings, regulatory issues, data breaches, or other ESG risk factors that may either constitute a norms-based violation or otherwise create a potential risk to the investment case. In addition to the controversy reporting provided by MSCI ESG Manager, wherever possible, we reference primary sources such as regulatory filings (for example, 10-K, 20-F, Annual Report, 10-Q), company ESG or Sustainability Reports, governmental websites, (for example, US Department of Justice).

In terms of the impact on a company, typically, an ESG issue might present as a potential one-off liability such as a fine or settlement, reputational damage which impacts the valuation multiple, or in the worst case, an on-going impact on the company's business model through higher costs, raised capital expenditure, or necessity to increase prices. Our initial assessment is vigilant to all these concerns as well as documenting where engagement on ESG issues may be required in order to better understand an issue or attempt to effect change in corporate behaviour in the interests of other stakeholders.

An assessment of good governance is also made, taking into account, among other factors, management structure, employee relations, staff and executive remuneration, and tax compliance. As an example, some investee companies, especially in Asian jurisdictions, may not have independent Board majorities and we evaluate whether we should vote against the continuation of such a Board structure. Alternatively, many technology companies that generate a profit, can report a tax rate that is well below statutory rates of corporate taxation, and it is important to investigate the rationale for these differences - is it caused by the use of accumulated tax losses or tax credits, for example.

Technology companies and governance

Governance issues are a fundamental consideration when investing in the technology sector. Many technology companies operate with different governance structures and practices, including limited minority shareholder voting rights, above-average share dilution and option issuance, non-independent boards and, at times, excessive management remuneration. We believe it is important to scrutinise companies on their individual merits and recognise the trade-offs between shareholder rights and the importance of backing management's long-term vision and allowing the company to compete effectively in the marketplace. For example, it may be necessary for a company to issue an elevated level of shares to attract and retain scarce talent in a fast-growing area to support its growth, but such issuance would be excessive should the company's growth not materialise. We consider the impact of share-based compensation on free cash flow, and the makeup and integrity of the Board of Directors as a check on management decisions, especially around dilutive M&A and strategic investments. The Trust has invested in many founder-led companies since its inception, and we will continue to use our domain expertise to judge the appropriateness and materiality of each company's governance arrangements and activities.

Stewardship

Engagement: At a high level we engage where it is useful and can add value to our investment process and/or where we can use our influence to support positive change. We decide where to engage based on our ESG analysis and we record the results of these engagements. We meet with a large number of companies regularly given the size of our team and typically have many opportunities to raise issues with them. These more informal engagements are recorded in our research database, Tamale, alongside company meeting and valuation work. We also undertake a small number of more ESG-led engagements with companies where ESG issues have become more material, or we believe our engagement may effect positive change.

Whilst we do not formally consider Principal Adverse Impacts (PAIs) as defined by EU legislation as it is not in scope of the European Sustainable Finance Disclosure Regulation (SFDR), we are aware when a prospective holding may flag against certain PAIs, for example for a high carbon footprint, or a lack of Board gender diversity. These flags help inform where further engagement or more intensive monitoring may be necessary.

Voting

The team takes its voting responsibilities very seriously and will consider all resolutions proposed at an investee company's AGM or other special meeting. The team uses the ISS Benchmark Proxy Voting Guidelines as a starting point for all research and recommendations regarding proxy voting. These recommendations are underpinned by four key principles of accountability, stewardship, independence, and transparency to promote long-term shareholder value creation and risk mitigation through the support of responsible global corporate governance practices. However, each investment team is the final decision-maker on proxy voting and will vote in line with the principles of their investment philosophy and responsible investment process. The teams will vote by balancing the best interests of the company concerned over the long term, in conjunction with maximising the value of investments managed by each team. Each ballot resolution is actively reviewed and assessed especially where ISS recommends voting against management. A record is kept of when and why the team votes against either ISS or management. A summary of the voting record is given within the ESG dashboard on page 51.

Monitoring and oversight

The portfolio's ESG characteristics are reviewed in detail every four months in the investment oversight meetings with Polar Capital's Chief Investment Officer, Chief Risk Officer, and Head of Sustainability. Oversight covers the portfolio's ESG profile and scoring using third-party data methodology, climate risk assessment and norms and controversies screening, the analysis of which is the starting point for discussion in oversight meetings. In addition, the PCTT Board reviews a dashboard of key ESG metrics at each of the 5 annual board meetings.

Climate risk assessment data includes an assessment of the portfolio relative to the benchmark on metrics including carbon footprint, carbon intensity of the portfolio stocks and weighted average carbon intensity. It also highlights key high-emissions sectors of allocation within the portfolio. Key high-emitting stocks, stocks with exposure to potential stranded assets and climate risk management of the companies are highlighted. The portfolio is monitored for controversies using third-party norms and controversies research, which evaluates ESG controversies' severity and impact. It is also assessed, in line with the aforementioned exclusions process, against alignment with the UN's Global Compact (UNGC), the UN's Guiding Principles on Business and Human Rights, the International Labour Organisation's conventions and the Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises. The team use MSCI ESG Norms and Controversies research to provide deeper insight into companies however, given differing methodologies, tolerances, and assessments of company behaviour, we retain discretion over the assessment of third-party conclusions on a case-by-case basis. The team also incorporates an additional layer of oversight using an in-house consultant with expertise in ESG. The purpose of the additional layer of oversight is to ensure the team have a detailed understanding of the mechanics of changes in third-party ESG scores at both the company and portfolio level, assist with more detailed ESG analysis and to ensure the ESG integration process is being adhered to.

ESG – Investment Perspective continued

Reporting

Reporting forms an important part of our ESG approach given its role in allowing investors and other stakeholders to evaluate our activities and progress. The Board receives an ESG dashboard as part of the regular board packs which includes metrics regarding the portfolio's MSCI ESG fund score, the worst-scoring underlying holdings across E, S and G metrics, the portfolio's carbon footprint and the portfolio's exposure to clean technology solutions. The dashboard also has an analysis of the team's proxy voting activities over the most recent period. A similar dashboard is provided on page 51.

The ESG profile of the portfolio is assessed independently by MSCI using their ESG Manager Fund Ratings system. At the time of last year's Annual Report, the fund rating was AAA, but since then there has been a change by MSCI in their methodology. Previously, the rating was comprised of the weighted average ESG score of assessed holdings with an adjustment factor added to take account of holdings that have been upgraded or downgraded, and those with very low scores - deemed 'laggards'. Now, the fund rating is based only on the weighted average ESG score of each assessed holding. There is no longer an adjustment factor which many users felt had created excessive volatility in fund scores and ratings. This has resulted in a fall in the rating for most funds that invest in technology stocks, given many technology companies had benefitted from positive momentum in their ESG scores as they improved ESG practices and disclosures. Indeed, the shift of Apple from being a positive to negative momentum driver on its own pushed many funds from AAA to A. The MSCI fund rating is also now A, although the weighted average ESG score is broadly comparable to that of last year. Over the year, the weighted average score of the fund declined slightly from 6.74 to 6.62, whilst that of the benchmark also fell slightly from 6.89 to 6.88. The slip in the Fund's score is attributed primarily to the purchase of some new names that score modestly below the Fund's average score. We do not manage the portfolio to maintain a particular relative or absolute MSCI ESG rating.

Spotlight On Cloudflare

Building a better internet and defending Ukraine

Cloudflare's stated mission is "to help build a better internet" which is more secure and reliable. The internet represents critical digital infrastructure without which the flow of information, economic activity and social interaction would be catastrophically impaired. This makes protecting it and those that use it vital, and Cloudflare plays a major role in this effort. Cloudflare's Free plan allows millions of customers to secure their websites, applications and data at no cost, providing critical secure access to technology and communications infrastructure. This is also a greener alternative as Analysys Mason found Cloudflare's Web Application Firewall (WAF) generated c90% less carbon than on-premise appliances.

More recently, Cloudflare has been a key member of the group of companies working to maintain Ukrainians' access to the internet and help defend it from persistent cyber attacks at no cost. This includes a number of services to protect Ukrainian government and key infrastructure, as well as the ".ua" top-level domain and 130 other Ukrainian government domains. Cloudflare also protects 79 non-profit organisations in Ukraine including those helping refugees, documenting war crimes, and sharing information.

It is a testament to the speed of Cloudflare's response and the quality of their technology, along with others, that the barrage of Russian Distributed Denial of Service (DDOS) and other cyber attacks have failed to take down critical Ukrainian infrastructure. This was a major concern when the invasion started.

Cloudflare also runs Project Galileo, which helps keep vulnerable sites online by offering free cybersecurity services for companies in the arts, human rights, civil society, journalism, or democracy. This is in addition to their Athenian Project which provides free cybersecurity services to US state and local government websites to improve their security and reliability and foster trust in the digital aspect of the electoral process. Cloudflare for Campaigns brings a suite of security products to smaller campaigns who might otherwise be unable to afford them. Campaign websites are often attacked which can undermine voters' ability to make informed decisions and interfere with fundraising efforts.

Election season highlights

Here are a few findings from the three months leading up to the election. These are made possible by our preemptive campaign discovery and machine learning algorithms.

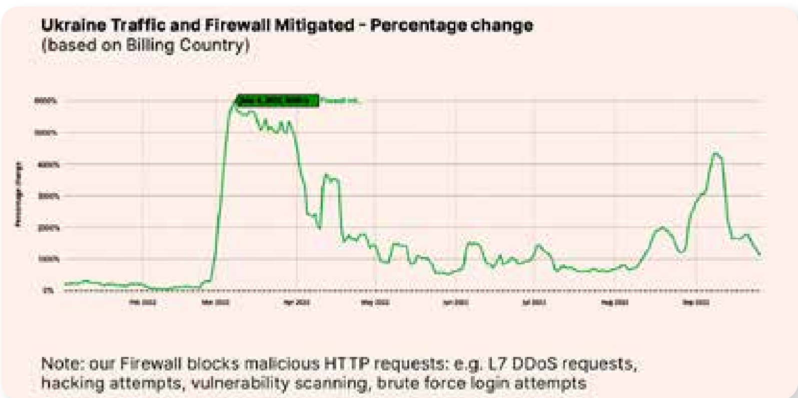
Cloudflare processed over 20 million emails for campaigns and stopped around 150K phishing attacks.

We saw more than 10,000 emails sent that were using the names of candidates without their permission.

The office of one Senate incumbent received an average of 35 malicious emails every day.

"I want to mention Cloudflare because they reached out to us proactively and offered help. We took their help and we relied on them immensely and I really want to express my gratitude to the leadership and the team there."

Dmitry Kohmanyuk, .ua TLD strategist in Heise Online interview, 3/24/22



ESG – Investment Perspective continued

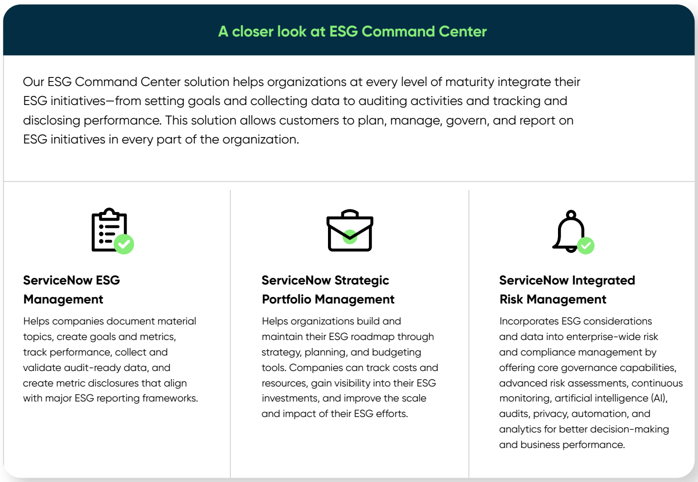
Spotlight on ServiceNow

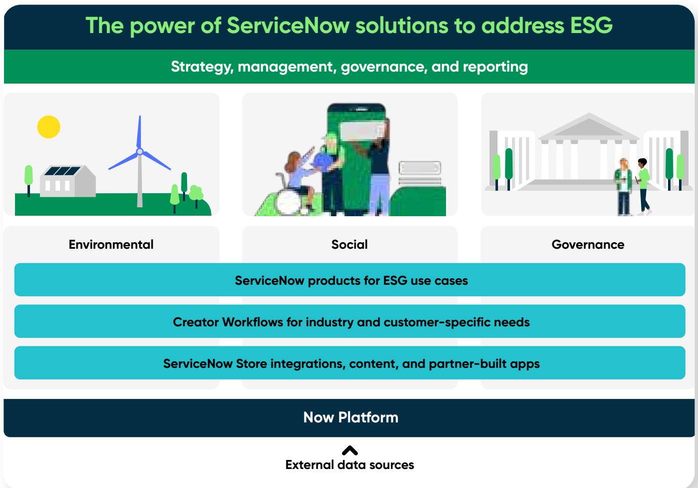
Make the world work better for everyone

ServiceNow provides a software platform which optimises business processes on a single unified platform to digitize an entire business. This allows companies to deliver digital experiences that make work flow more efficiently by connecting people, processes and systems together to enable organisations to better serve all stakeholders and increase business productivity. 7,700 enterprise customers use ServiceNow's platform to drive their digital transformation initiatives, including 85% of the Fortune 500.

ServiceNow's software platform is increasingly being used by customers to embed and strengthen sustainability in the own operations. This includes digitising physical workflows and automating manual processes, powering engagement with employees and customers and ServiceNow's platform is increasingly being used for ESG goal setting, data collection and reporting. This should help improve the quality and increase the volume of organisations' ESG data – something we continue to advocate for. There is also significant demand for process and data governance as companies need to remain compliant with more onerous regulations and meet their customer expectations. For example, ServiceNow has invested in a new solution to ensure European Union customers' data is only handled within EU borders.

ServiceNow has also released new 'ESG Command Center' product to help customers achieve their ESG goals and recognise ESG's connection to long-term value creation. In less than four months, the number of customer conversations where ESG is addressed has increased tenfold. Customers are elevating their own ESG initiatives with better data collection, process monitoring and automated reporting.





Spotlight on Shopify

The future of commerce has more voices, not fewer.

Shopify's mission is to "make commerce better for everyone" and help people achieve independence by making it easier to start, run, and grow a business. The company aims to empower individuals, lower the barriers to commerce and level the playing field for entrepreneurs of all ages and backgrounds to compete with larger businesses.

Shopify has a merchant education and equitable entrepreneurship programs are designed to improve accessibility, instil an innovation mindset, and empower business owners to thrive. This is in addition to the Shopify Open Learning programme which helps students to create their own Shopify stores. There are currently more than 2m million merchants on Shopify and more than 5m jobs have been created by Shopify merchants and partners.

Sustainability is also an increasingly important driver of consumer choices. A Shopify survey across >24,000 consumers and >9,000 business executives across 12 countries found 62% of consumers are "unwilling to compromise on sustainability" and 54% are already making sustainable purchases by choosing retailers that offer zero-emission shipping, for example. 82% of merchants believe there is a strong correlation between sustainability and improved business performance. 45% of consumers report they are willing to pay a premium if it leads to a reduction in their carbon footprint. Shopify itself is carbon-neutral and provides merchants with tools to enable this including the Shopify Planet app, which allows carbon neutral shipping on all orders and automatically calculates the cost.

ESG – Investment Perspective continued

Regulation / Polar Initiatives

As a UK listed entity, the Company is currently subject to limited direct ESG regulation and reporting requirements, but we are mindful that over the coming year, the UK's FCA will introduce a package of measures aimed at clamping down on greenwashing. This includes sustainable investment labels, disclosure requirements and restrictions on the use of sustainability-related terms in product naming and marketing. These Sustainability Disclosure Requirements (SDR) are still in development following significant feedback received during the consultation. The Policy Statement is likely to be published in September 2023, with the anti-greenwashing rule coming into force immediately, followed by the disclosure requirements 12 months later.

However, we are cognisant of their broad aims and recommendations from HM Treasury to the FCA which among other economic aspirations include Climate Change objectives; specifically the UK Government's commitment to achieve a net-zero economy by 2050 under the Climate Change Act 2008.

Of most relevance for Polar Capital is the introduction of the Task force on Climate-related Financial Disclosures (TCFD), developed by the Financial Stability Board (FSB) to provide guidance for corporates and investors on key information that companies should disclose to support investors. The FCA has now adopted the TCFD guidance to introduce mandatory climate-related reporting for asset managers in the UK, implemented in a phased approach depending on size of the asset manager. Polar Capital falls within the second phase of reporting (with AUM between £5-50bn) in scope of the FCA's TCFD requirements from January 2023, requiring our first full TCFD report by June 2024.

Polar Capital is working to incorporate the recommendations of the TCFD into its Governance, Strategy and Risk Management frameworks, and will provide on TCFD reporting in the coming year.

Polar Capital has joined the Institutional Investors Group on Climate Change (IIGCC), the European membership body for investor collaboration on climate change. The IIGCC's mission is to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future. The IIGCC is the key organisation in developing the Net Zero Asset Managers Initiative and NZ Investment Framework, which is used by asset managers to develop net zero commitments and targets.

Polar Capital is considering its position regarding making a net zero commitment that covers financed emissions or joining an organisation such as the Net Zero Asset Managers Initiative. While we have not yet made such a commitment, we continue to develop our capability to evaluate our funds' holdings using the IIGCC Paris Aligned Investment Initiative Net Zero Framework and hope that membership of the IIGCC will help us develop our own net zero strategy and support engagement on climate change transition within our portfolios.

Alastair Unwin
Deputy Fund Manager
Polar Capital
18 July 2023

ESG Dashboard

MSCI ESG RATINGS

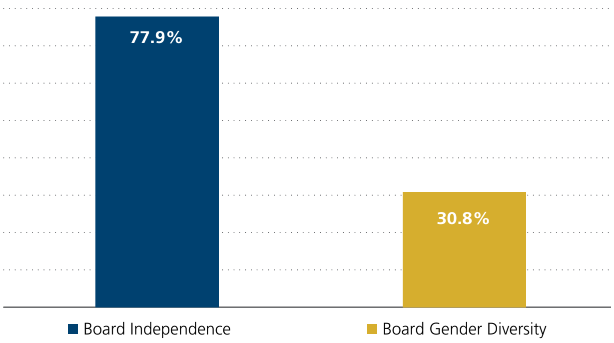
A

CCC	B	BB	BBB	A	AA	AAA

	Portfolio
Weighted Average ESG Score / Quality Score	**6.62**
Letter Rating	**A**

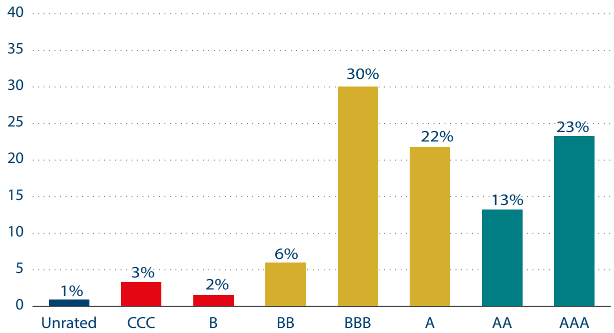
Corporate governance

The weighted average percentage of independent board of directors in the portfolio's investee companies is 77.9%, and the weighted average percentage of women on boards is 30.8%.



MSCI Distribution of Ratings

36% of the fund's weighted portfolio holdings receive an MSCI ESG Rating of AAA or AA (ESG Leaders) and 5% receive an MSCI ESG Rating of B or CCC (ESG Laggards).



Weighted average carbon intensity (tCO2e / $m sales)

The fund's holdings have low carbon intensity, based on the weighted average carbon emissions per USD million sales.

Bottom 5 Rated Holdings

Security	Rating	Change
Zuken	CCC	→
Meta Platforms	CCC	↓
SiTime	B	→
Harmonic Drive Systems	B	→
eMemory Technology	B	→

Source: MSCI

Top 5 Rated Holdings

Security	Rating	Change
Hoya	AAA	↑
Kinaxis Inc	AAA	↑
ASML	AAA	→
Workday	AAA	↑
Microsoft	AAA	→

Source: MSCI

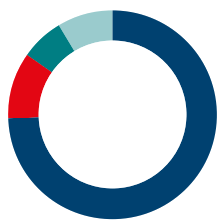
Voting Record

Category	Number	Percentage
Number of votable meetings	108	
Number of meetings voted	107	99.1%
Number of meetings with at least 1 vote Against, Withhold or Abstain	57	52.8%

Source: MSCI, ISS

Vote cast statistics

Number of votes FOR	74.6%
Number of votes against	10.2%
Number of votes withhold	6.6%
Number of votes on management say on pay	8.4%
Number of votes abstain	0.19%



Source: MSCI, ISS

Corporate Governance

Strategic Report

This report forms part of the Strategic report section

This report has been provided in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The aim of this report is to provide information to shareholders on the Company's strategy and the potential for such to succeed, including a fair review of the Company's performance during the year ended 30 April 2023, the position of the Company at the year end and a description of the principal risks and uncertainties, including both economic and business risk factors underlying any such forward-looking information.

Business Model and Regulatory Requirements

The Company's business model follows that of an externally managed investment trust providing shareholders with access to an actively managed portfolio of technology shares selected on a worldwide basis.

The Company is designated as an Alternative Investment Fund ('AIF') under the Alternative Investment Fund Management Directive ('AIFMD') and, as required by the Directive, has contracted with Polar Capital LLP to act as the Alternative Investment Fund Manager ('AIFM') and Investment Manager (or 'Manager') and HSBC Bank Plc to act as the Depositary.

Both the AIFM and the Depositary have responsibilities under AIFMD for ensuring that the assets of the Company are managed in accordance with the Investment Policy and are held in safe custody. The Board remains responsible for setting the investment strategy and operational guidelines as well as meeting the requirements of the FCA's Listing Rules and the Companies Act 2006.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. Investor Disclosure Documents, which set out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information are available on the Company's website.

There have been no material changes to the information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange. Statements from the Depositary and the AIFM can be found on the Company's website.

Investment Objective and Policy

While observing the Dow Jones Global Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes) as the Benchmark against which NAV performance is measured, shareholders should be aware that the portfolio is actively managed and is not designed to track any particular benchmark index or market. The performance of the portfolio can vary from the Benchmark performance, at times considerably.

Over recent 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.

Investments are selected for their potential shareholder returns, not on the basis of technology for its own sake. The Investment Manager believes in rigorous fundamental analysis and focuses on:

- management quality;
- the identification of new growth markets;
- the globalisation of major technology trends; and
- exploiting international valuation anomalies and sector volatility.

Changes to Investment Policy

Any material change to the Investment Policy will require the approval of the shareholders by way of an ordinary resolution at a general meeting. The Company will promptly issue an announcement to inform shareholders and the public of any change to its Investment Policy. No changes to the Investment Policy are presently anticipated.

Investment Strategy Guidelines and Board Limits

The Board has established guidelines for the Investment Manager in pursuing the Investment Policy. The Board uses these guidelines to monitor the portfolio's exposure to different geographical markets, sub-sectors within technology and the spread of investments across different market capitalisations.

These guidelines are kept under review as cyclical changes in markets and new technologies will bring certain sub-sectors or companies of a particular size or market capitalisation into or out of favour.

Asset Allocation

Technology may be defined as the application of scientific knowledge for practical purposes and technology companies are defined accordingly. While this offers a very broad and dynamic investing universe and covers many different companies, the portfolio of the Company (the 'Portfolio') is focused on companies which use technology or which develop and supply technological solutions as a core part of their business models. This includes areas as diverse as information, media, communications, environmental, healthcare, finance, e-commerce and renewable energy, as well as the more obvious applications such as computing and associated industries.

The Board has agreed a set of parameters which seek to ensure that investment risk is spread and diversified. The Board believes that this provides the necessary flexibility for the Investment Manager to pursue the Investment Objective, given the dynamic and rapid changes in the field of technology, while maintaining a spread of investments.

Market Parameters

With current and foreseeable investment conditions, the Portfolio will be invested in accordance with the Investment Objective and Policy across worldwide markets, generally within the following ranges:

- North America up to 85%.
- Europe up to 40%.
- Japan and Asia up to 55%.
- Rest of the world up to 10%.

The Board has set specific upper exposure limits for certain countries where they believe there may be an elevated risk. As reported last year, the Company does not hold stocks in Russia and has no intention of doing so in the near future.

The Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk and invests in a Portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors.

Investment Limits

In applying the Policy, the Company will satisfy the following investment restrictions:

- The Company's interest in any one company will not exceed 10% of the gross assets of the Company, save where the Benchmark weighting of any investee company in the Company's portfolio exceeds this level, in which case the Company will be permitted to increase its exposure to such investee company up to the Benchmark 'neutral' weighting of that company or, if lower, 15% of the Company's gross assets.
- The Company will have a maximum exposure to companies listed in emerging markets (as defined by the MSCI Emerging Markets Index) of 25% of its gross assets.
- The Company may invest in unquoted companies from time to time, subject to prior Board approval. Investments in unquoted companies in aggregate will not exceed 10% of the gross assets of the Company.

Such limits are measured at the time of acquisition of the relevant investment and whenever the Company increases the relevant holding.

In addition to the restrictions set out above, the Company is subject to Chapter 15 of the FCA's Listing Rules which apply to closed ended investment companies with a premium listing on the Official List of the London Stock Exchange.

Strategic Report continued

In order to comply with the current Listing Rules, the Company will not invest more than 10% of its total assets at the time of acquisition in other listed closed ended investment funds, whether managed by the Investment Manager or not. This restriction does not apply to investments in closed ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed ended investment funds. However, the Company will not in any case invest more than 15% of its total assets in other closed ended investment funds.

Cash, Borrowings (Gearing) and Derivatives

The Company may borrow money to invest in the Portfolio over both the long and short-term. Any commitment to borrow funds is agreed by the Board and the AIFM.

The Investment Manager may also use from time-to-time derivative instruments, as approved by the Board, such as financial futures, options, contracts-for-difference and currency hedges. These are used for the purpose of efficient portfolio management. Any such use of derivatives will be made in accordance with the Company's policies on spreading investment risk as set out in this investment policy and any leverage resulting from the use of such derivatives will be subject to the restrictions on borrowings.

Cash

The Company may hold cash or cash equivalents if the Investment Manager feels that these will, at a particular time or over a period, enhance the performance of the Portfolio. The Board has agreed that management of cash may be achieved through the purchase of appropriate government bonds, money market funds or bank deposits depending on the Investment Manager's view of the investment opportunities and the benefits of diversification.

Gearing and Derivatives

The Company's Articles of Association permit borrowings up to the amount of its paid-up share capital plus capital and revenue reserves. The Company may use gearing in the form of bank loans which are used on a tactical basis by the Investment Manager, when considered appropriate. The Board monitors the level of gearing available to the Portfolio Manager and agrees, in conjunction with the AIFM, all bank facilities in accordance with the Investment Policy. The Board approves and controls all bank facilities and any net borrowings over 20% of the Company's net assets at the time of draw down will only be made after approval by the Board.

During the year, the Company had two loan facilities with ING Bank NV: one for 36m US Dollars at a fixed rate of 5.43% pa and one for 3.8bn Japanese Yen at a fixed rate of 1.13% pa, both of which were drawn down in September 2022. These loans fall due for repayment in September 2024. The loan facilities will be reviewed and may be replaced on expiry.

Details of the loans are set out in Note 17 to the Financial Statements.

The Investment Manager's use of derivatives is monitored by the Board in accordance with the Company's investment policy and any leverage from the use of such derivatives will be subject to the restriction on gearing.

Future Developments

The Board remains positive on the longer-term outlook for technology and the Company will continue to pursue its Investment Objective. The outlook for future performance is dependent to a significant degree on the world's financial markets and their reactions to economic events and other geopolitical forces. In accordance with the Articles of Association, the Board will propose the next five-yearly continuation vote of the Company at the Annual General Meeting to be held in September 2025. The Chair's Statement and the Investment Manager's Report comment on the outlook.

Dividends

The Company's revenue varies from year to year and the Board considers the dividend position each year in order to maintain the Company's status as an investment trust. The revenue reserve remains in deficit and historically the Company has not paid dividends given its focus on capital growth.

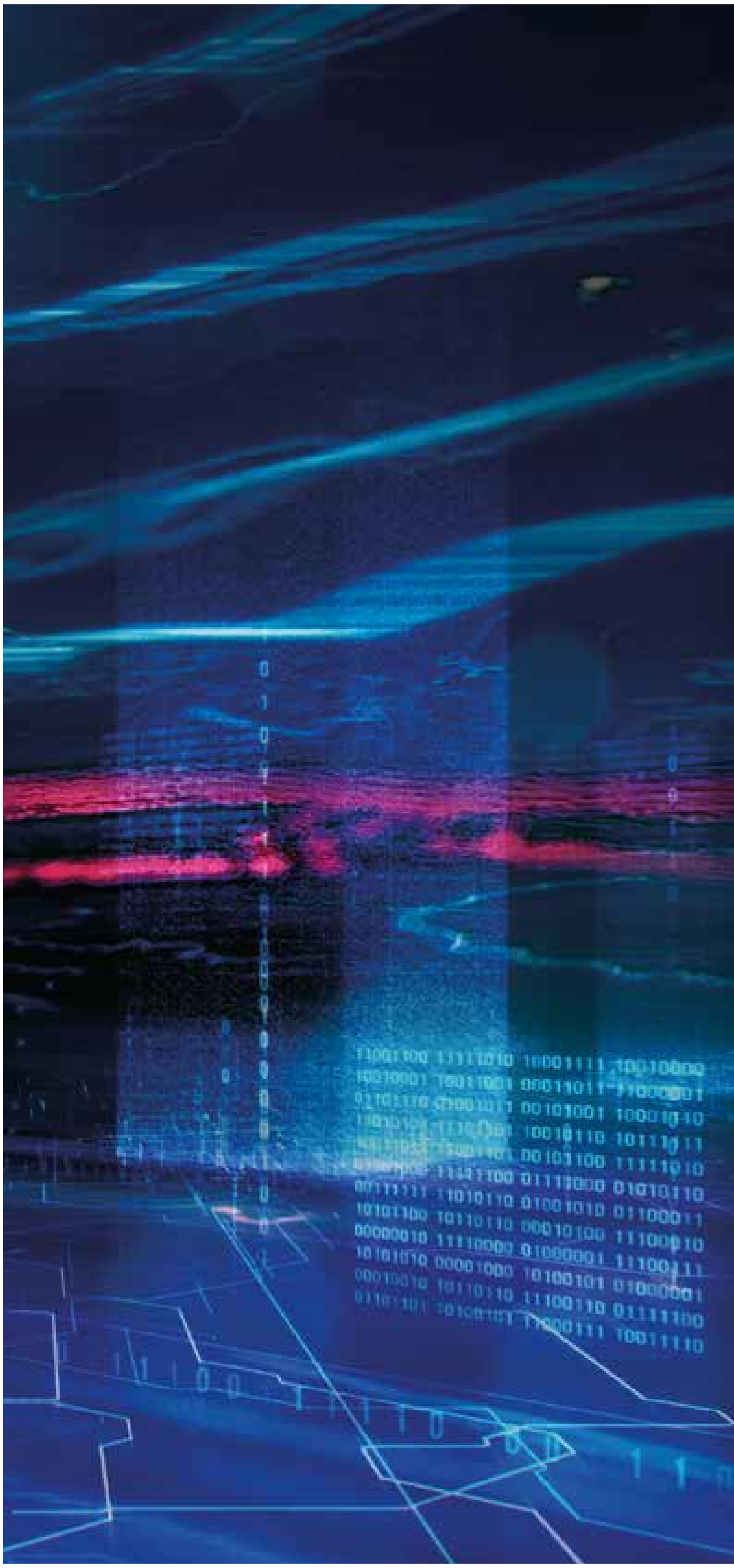
The Directors do not recommend, for the year under review, the payment of a dividend (2022: no dividend recommendation).

Service Providers

Polar Capital LLP has been appointed to act as the Investment Manager and AIFM as well as to provide or procure company secretarial services, marketing and website services which it arranges through Huguenot Limited, and administrative services, including accounting, portfolio valuation and trade settlement which it has arranged to deliver through HSBC Securities Services ('HSS' or "the Administrator").

The Company also contracts directly, on terms agreed periodically, with a number of third parties for the provision of specialist services. The cost of the services outlined below are paid for directly by the Company and are separate from the Investment Management Fee payable to Polar Capital:

- Stifel Nicolaus Europe Limited as Corporate Broker;
- Equiniti Limited as Share Registrars;
- HSBC Securities Services as Custodian and Depositary;
- RD:IR for Investor Relations and Shareholder Analysis;
- Camarco as PR advisors; and
- Perivan Limited as designers and printers for shareholder communications.



Strategic Report continued

Investment Management Company and Management of the Portfolio

As the Company is an investment vehicle for shareholders, the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy remains attractive to shareholders. The Directors believe that a strong working relationship with the investment management team will help to achieve the optimum return for shareholders. As such, the Board and the Investment Manager operate in a supportive, co-operative and open environment.

The Investment Manager is Polar Capital LLP ('Polar Capital'), which is authorised and regulated by the Financial Conduct Authority, to act as Investment Manager and AIFM of the Company with sole responsibility for the discretionary management of the Company's assets (including uninvested cash) and sole responsibility to take decisions as to the purchase and sale of individual investments. The Investment Manager also has responsibility for asset allocation within the limits of the investment policy and guidelines established and regularly reviewed by the Board, all subject to the overall control and supervision of the Board.

Polar Capital provides a team of technology specialists led by Ben Rogoff. Each team member focuses on specific areas while Ben Rogoff, with Alastair Unwin as Deputy, has overall responsibility for the portfolio. Polar Capital also has other specialist and geographically focused investment teams which may contribute to idea generation. The technology investment team's biographies can be found on pages 10 and 11. The Investment Manager has other investment resources which support the investment team and has experience in administering and managing other investment companies.

Fee Arrangements

Under the terms of the Investment Management Agreement, the Company pays to the Investment Manager a base fee, and in certain performance circumstances, a performance fee.

Management fee

With effect from 1 May 2022, the base management fee paid by the Company monthly in arrears to the Manager is calculated on the daily Net Asset Value ('NAV') as follows:

- Tier 1: 0.80 per cent. for such of the NAV up to and including £2bn;
- Tier 2: 0.70 per cent. for such of the NAV between £2bn and £3.5bn; and
- Tier 3: 0.60 per cent. for such of the NAV above £3.5bn.

Any investment in funds managed by Polar Capital are wholly excluded from the base management fee calculation. Management fees of £21,918,000 (2022: £28,281,000) have been paid for the year to 30 April 2023 of which £1,827,000 (2022: £6,374,000) was outstanding at the year end.

Under the terms of the IMA the Board may undertake a three-yearly review of the fee arrangements, the next of which will commence in 2025, with the anticipation that any changes proposed and subsequently agreed will take effect from the start of the following financial year.

Further details on the performance fee methodology and calculation are provided on page 134 within the Shareholder Information section.

Longer-Term Viability

In accordance with the AIC Code of Corporate Governance, the Company is required to make a forward-looking longer-term viability statement. The Board has considered and addressed the ability of the Company to continue to operate over a period significantly beyond the twelve-month period required for the going concern statement. The Board has considered the industry and market in which the Company operates and believes that despite the market volatility experienced during the financial year under review, there continues to be appetite for technology investment. The Board continues to use five years as a reasonable term over which the viability of the Company should be viewed; Shareholders have the opportunity to vote on the continuation of the Company every five years, therefore the outlook for the next five-year period incorporates the continuation vote which will be put to shareholders at the AGM in 2025. The process and matters considered in establishing the longer-term viability are detailed within the Audit Committee Report on page 82. In establishing the positive outlook for the Company over the next five years to 30 April 2028, the Board has taken into account:

The ability of the Company to meet its liabilities as they fall due	The assessment took account of the Company's current financial position, its cash flows and its liquidity position, the principal risks as set out on pages 62 to 65 and the Committee's assessment of any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern. The assessment was then subject to a sensitivity analysis over a five-year period, which stress tested a number of the key assumptions underlying the forecasts both individually and in aggregate for normal, favourable and stressed conditions and considered whether financing facilities will be renewed. The portfolio comprises a spread of investments by size of company, traded on major international stock exchanges. 99.8% of the current portfolio could be liquidated within seven trading days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future. The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position. The ongoing charges of the Company for the year ended 30 April 2023 (excluding performance fees) were 0.81% (2022: 0.84%). Repayment of the bank facilities, drawn down at the year end, and due in September 2024, would equate to approximately 21% of the cash or cash equivalents available to the Company at 30 April 2023, without having to liquidate the portfolio of investments. The Company has no employees and consequently does not have redundancy or other employment related liabilities or responsibilities.
The Company will propose a resolution on the continuation of the Company at the AGM in September 2025	Under the AIC SORP, where Shareholders have the opportunity to vote in favour or against a company continuing in existence, it will normally be the case that shareholders will have to vote in favour of a liquidation before it can occur. It is reasonable to believe that if positive long-term performance is achieved over the period until the next continuation vote shareholders will vote in favour of continuation.
Factors impacting the forthcoming years	The Investment Manager's Report and the Strategic Report provide a comprehensive review of factors which may impact the Company in forthcoming years. In making its assessment, the Board considered these factors alongside the Principal Risks and Uncertainties, and their corresponding mitigation and controls, as set out on pages 62 to 65.
Regulatory changes	Despite the increased level of regulation and the unpredictability of future requirements it is considered that regulation will not increase to a level that makes the running of the Company uneconomical or untenable in comparison to other competitive products.
Closed-ended Investment Funds	It is believed that the business model of being a closed ended investment fund will continue to be wanted by investors and the Investment Objective will continue to be desired and achievable.

Strategic Report continued

Further, the Board recognises that there has been significant progress made in the technology sector and immense change in what is deemed to be a technology company which broadens the universe for potential investment. Technology remains a specialist sector for which there continues to be a need for independent specialist sector investment expertise. The Board therefore have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the five years to 30 April 2028.

Going Concern

The Board has also considered the ability of the Company to adopt the Going Concern basis for the preparation of the Financial Statements.

Consideration included the Company's current financial position, its liquidity position and its assessment. In addition, the Company's cash flows were stressed tested for base case and reasonable worse case scenarios such as higher inflation and interest rate increases. Further detail on the assessment for going concern is provided in the Report of the Audit Committee on pages 81 and 82 and in Note 2(a) of the Financial Statements.

Key Performance Indicators

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against Key Performance Indicators ('KPIs'). The objectives of the KPIs comprise both specific financial and shareholder related measures and these KPIs have not differed from the prior year.

KPI	Control Process	Outcome
The provision of investment returns to shareholders measured by long-term NAV growth and relative performance against the Benchmark. The Board is aware of the vulnerability of a sector specialist investment trust to a change in investor sentiment to that sector.	The Board reviews the performance of the portfolio in detail and hears the views of the Investment Manager at each meeting. The Board discusses the market factors giving rise to any discount or premium, the long or short-term nature of those factors and the overall benefit to Shareholders of any actions. The market liquidity is also considered when authorising the issue or buy back of shares when appropriate market conditions prevail.	At 30 April 2023 the total net assets of the Company amounted to £2,828,141,000 (2022: £3,050,985,000). The Company's NAV has, over the year to 30 April 2023, underperformed the Benchmark by 5.7%. The NAV per share fell by 2.8% from 2305.13p to 2239.48p while the Benchmark increased 2.9% in Sterling terms over the same period. As at 30 April 2023 the portfolio comprised 87 (2022: 96) investments. Investment performance is explained in the Chair's Statement and the Investment Manager's Report. The performance of the Company over the longer-term is shown by the ten year historic performance chart on page 3.
Monitoring and reacting to issues created by the discount or premium of the ordinary share price to the NAV per ordinary share with the aim of reduced discount volatility for Shareholders.	The Board receives regular information on the composition of the share register including trading patterns and discount/premium levels of the Company's ordinary shares. A daily NAV per share, diluted when appropriate, calculated in accordance with the AIC guidelines, is issued to the London Stock Exchange.	The discount/premium of the ordinary share price to NAV per ordinary share (diluted when appropriate) has been as follows: Financial year to 30 April 2023 • Minimum discount over year: 5.55% • Maximum discount over year: 17.28% • Average discount over year: 11.85%

KPI	Control Process	Outcome
	The Company does not have an absolute target discount level at which it buys back shares but has historically bought back significant amounts of the outstanding share capital when deemed appropriate and will continue to do so. This approach does not preclude a more active approach as discounts widen and the Investment Manager may consider that a single purchase or a series of purchases of shares in current or greater volumes, which would enhance the Company's NAV per share, would be an attractive investment of the Company's cash resources, given the positive long-term prospects for the Company's portfolio. As always, the Board keeps the level of discount under careful review and has been buying back shares actively in recent months at levels set out in the adjacent column.	In the year ended 30 April 2023, the Company bought back 6,070,882 ordinary shares (representing 4.4% of the issued share capital) at an average discount of 11.95%, Subsequent to the year end and to 13 July 2023, the Company bought back a further 1,229,369 shares. Over the previous five financial years ended 30 April 2023 • Maximum premium over period: 6.06% • Maximum discount over period: 17.28% • Average discount over period: 6.52% Over the previous five financial years ended 30 April 2023 the Company has issued 3,520,000 Ordinary shares as a result of market demand.
To qualify and continue to meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010 ('investment trust status').	The Board receives regular financial information which discloses the current and projected financial position of the Company against each of the tests set out in Sections 1158 and 1159.	This has been achieved for every year since launch in 1996. HMRC has approved the investment trust status subject to the Company continuing to meet the relevant eligibility conditions and ongoing requirements. The Directors believe that the tests have been met in the financial year ended 30 April 2023 and will continue to be met.
Efficient operation of the Company with appropriate investment management resources and services from third party suppliers within a stable and risk-controlled environment.	The Board considers annually the services provided by the Investment Manager, both investment and administrative, and reviews on a cycle the provision and costs of services provided by third parties. The annual operating expenses are reviewed and any non-recurring project related expenditure is approved separately by the Board.	The Board has received and considered satisfactory the internal controls report of the Investment Manager and other key suppliers including contingency arrangements to facilitate the ongoing operations of the Company in the event of withdrawal or failure of services. The ongoing charges of the Company for the year ended 30 April 2023 excluding the performance fee were 0.81% of net assets (2022: 0.84%). There was no performance fee payable for the year ended 30 April 2023 (2022: nil) and therefore the ongoing charges including the performance fee were 0.81% (2022: 0.84%) of net assets.

Strategic Report continued

Principal Risks and Uncertainties

The Board is responsible for the management of risks faced by the Company and, through delegation to the Audit Committee, has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

The established risk management process the Company follows, identifies and assesses various risks, their likelihood, and possible severity of impact, considering both internal and external controls and factors that could provide mitigation. A post mitigation risk impact score is then determined for each principal risk.

At each Audit Committee, identified principal risks are reviewed and reassessed against the backdrop of the ever-changing world the Company is operating in. Furthermore, the Audit Committee carries out, at least annually, a robust assessment of overall risks and uncertainties faced by the Company with the assistance of the Investment Manager. As part of this process, the Committee also identifies any emerging risks during its review process and continues to closely monitor these risks along with any other emerging risks as they develop and implements mitigating actions as necessary. Emerging risks during the financial year under review included Climate change as well as the deterioration of relations between China and Taiwan and the impact that a war between the two countries may have on the Company's portfolio, the market and global economy. This has also been captured in our risk map as an emerging risk. The medium and longer term impacts of this risk will continue to be assessed by the Audit Committee in light of how they may affect the Company's portfolio and the economic and geopolitical environment in which the Company operates.

The Principal Risks post mitigation are detailed on the following pages along with a high-level summary of their management through mitigation and status arrows to indicate any change in assessment over the past financial year.

RISK CYCLE

Principal Risks and Uncertainties continued

Management of risks through Mitigation & Controls	Trend year on year
PORTFOLIO RISK	
Failure to achieve investment objective due to poor performance	↔
The Board seeks to manage the impact of such risks through regular reporting and monitoring of investment performance. In addition, the Board regularly considers, the level of premium and discount of the share price to the NAV and ways to enhance shareholder value including share issuance and buy backs. A detailed annual review of the investment strategy is undertaken by the Investment Manager with the Board including analysis of investment markets and sector trends. The Board is committed to a clear communication program to ensure shareholders understand the investment strategy. A resolution is put forward every five years to provide shareholders with an opportunity to vote on the continuation of the Company. The last continuation vote was held in September 2020 and had 100% of votes cast in favour, the next continuation resolution will be proposed at the AGM to be held in September 2025. Given the market volatility experienced during the year under review and the increased timeframe over which the Company's performance has suffered, the Board agreed to hold this risk at the elevated level following the Company's year-end.	
Portfolio management errors e.g. breach of policy	↔
Investment limits and restrictions are encoded into the dealing and operations systems of the Investment Manager and various oversight functions are undertaken to ensure there is early warning of any potential issue of compliance or regulatory matters. The Investment Manager on behalf of the Company undertakes counterparty monitoring and only trades with brokers which have satisfied the approval process. Trade settlement, currency exposure and all dealing operations are monitored by various systems and groups including the Investment Manager's operations and risk teams and independent monitoring by the depositary.	
OPERATIONAL RISK	
Failure in services provided by the Investment Manager	↔
The Board carries out an annual review of internal control reports from suppliers which includes the Investment Manager's cyber protocols and disaster recovery procedures.	
Accounting, Financial or Custody errors	↔
Due diligence and service reviews are undertaken with third-party service providers including the Custodian and Depositary. The Board considers, approves and monitors supplier appointments. The Investment manager reports on breaches of service level agreements and failure to meet standards as it becomes aware of the issue. Annual controls reports from service providers are reviewed by Board, and exceptions highlighted to the Board. Representatives from each service provider attend meetings to apprise the Board of exceptions found in their control environments. Directors regularly attend due diligence visits to service providers.	

↑ **Increase** ↓ **Decrease** ↔ **Unchanged**

Strategic Report continued

Principal Risks and Uncertainties continued

Management of risks through Mitigation & Controls	Trend year on year
OPERATIONAL RISK continued	
IT failure, Fraud and Cyber Risk	Unchanged
The number, severity and success rate of cyberattacks have increased considerably in recent years. However, controls are in place and the Board proactively seeks to keep abreast of developments through updates with representatives of the Investment Manager who undertakes meetings with relevant service providers. The Audit Committee once again sought assurance via the Company Secretary, from each of the Company's service providers on the resilience of their business continuity arrangements. These assurances and the subsequent detailed updates that were given to the Committee provided a satisfactory level of assurance that there had not been, and there was no anticipation of any disruption in the ability of each service provider to fulfil their duties as would typically be expected. In light of the increased potential for fraud and cyber attacks during the year under review, the Board decided to elevate the pre-mitigation score associated with this risk, the post mitigation remains unchanged.	
Black Swan event – e.g. unforeseen natural disaster	Unchanged
The Company has a disaster recovery plan in place along with a Black Swan Committee comprised of any two directors, who are able to provide a response to such events as necessary.	
Failure of Depositary, Custodian, Sub-Custodian	Unchanged
A full review of the internal control framework is carried out at least annually. Regular reporting is received by the Investment Manager on behalf of the Board from the Depositary on the safe custody of the Company's assets. The Board undertakes independent reviews of the Depositary and Administrator services (see glossary for further information) and additional resources have been put in place by the Investment Manager. Management accounts are produced and reviewed monthly, statutory reporting and daily NAV calculations are produced by the Administrator and verified by the Investment Manager.	
REGULATORY RISK	
Breach of Statutes and Regulation	Unchanged
The Board monitors regulatory change with the assistance of the Investment Manager, Company Secretary and external professional suppliers and implements necessary changes should they be required. The Board receives regulatory reports for discussion and, if required, considers the need for any remedial action. In addition, as an investment company, the Company is required to comply with a framework of tax laws, regulation and company law. The Board keeps abreast of third party service provider internal controls processes to ensure requirements are met in accordance with regulatory requirements.	
Failure to effectively communicate with investors	Unchanged
Polar Capital Sales Team and the Corporate Broker provide periodic reports to the Board on communications with shareholders and feedback received. The Audit Committee received the half-year and annual financial statements prior to sign-off and makes recommendations to the Board. Contact details and how to contact the Board are provided in regulatory announcements and in half year and annual reports. The Board are present at the AGM to speak to shareholders.	

Increase **Decrease** **Unchanged**

Management of risks through Mitigation & Controls	Trend year on year
ECONOMIC AND MARKET RISK	
Global geo-political risk	Unchanged
The Board regularly discusses the global geopolitical issues and general economic conditions and developments. The impact on the portfolio from geopolitical changes is monitored through existing control systems and discussed regularly by the Board. While it is difficult to quantify the impact of such changes, it is not anticipated that they will fundamentally affect the business of the Company.	
Uncertainty in regulatory environment (including inflation, recession and interest rates)	Unchanged
The Board regularly receives reports which detail corporate matters including legislative and regulatory developments. Guidance on implementation is sought from and provided via the Company Secretary and professional advisers where necessary. Note 27 describes the impact of changes in foreign exchange rates. The Company's largest exposure is to US$ holdings. The Company has a varying level of cash which is primarily held in US Dollars and also has loan facilities in both US Dollars and Japanese Yen. Fluctuations in exchange rates are monitored which may impact investor returns. An analysis of currency is given in Note 27 to the Financial Statements.	
KEY STAFF RISK	
Loss of Portfolio Manager or other Key staff	Unchanged
The strength and depth of investment team provides comfort that there is not over-reliance on one person with alternative senior technology portfolio managers available to act if needed. For each key business process roles, responsibilities and reporting lines are clear and unambiguous. Key personnel are incentivised by equity participation in the investment management company. Ali Unwin was appointed as Deputy Fund Manager and is responsible for managing the portfolio of the Company alongside Ben Rogoff, Lead Manager since 1 May 2006.	
Insufficient resource or experience on the Board	Unchanged
Respected recruiters are used to source suitably experienced candidates for non-executive directorships. A Board, Committee and Individual evaluation process is carried out annually and justification for re-election of Directors is provided in Annual Report to Shareholders.	

Increase | Decrease | Unchanged

Section 172 Statement

This report forms part of the Strategic report section

The statutory duties of the Directors are detailed in s171-177 of the Companies Act 2006. The Board recognises that under s172, Directors have a duty to promote the success of the Company for the benefit of its shareholders as a whole and in doing so have regard to the consequences of any decision in the long term, as well as having regard to the Company's wider stakeholders amongst other considerations. The fulfilment of this duty not only helps the Company achieve its Investment Objective but ensures decisions are made in a responsible and sustainable way for shareholders.

To ensure that the Directors are aware of, and understand, their duties, they are provided with an induction, including details of all relevant regulatory and legal duties as a director when they first join the Board, and continue to receive regular and ongoing updates on relevant good practice, legislative and regulatory developments. They also have continued access to the advice and services of the Company Secretary and, where deemed necessary, the Directors may seek independent professional advice. The Schedule of Matters Reserved for the Board, as well as the Terms of Reference of its committees are reviewed annually and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties.

The Board seeks to understand the needs and priorities of the Company's shareholders and stakeholders and these are taken into account during all of its discussions and as part of its decision-making process. As an externally managed investment company, the Company does not have any employees or customers, however the key stakeholders and a summary of the Board's consideration and actions where possible in relation to each group of stakeholders are described in the table below.

Stakeholder Group	How we engage with them
Shareholders	The Directors have considered shareholder engagement when making the strategic decisions during the year that affect shareholders, the confirmation of the continued appointment of the Investment Manager and the recommendation that shareholders vote in favour of the resolutions to be proposed at the AGM. The Directors have also engaged with and taken account of shareholders' interests during the year. The Portfolio Manager has held numerous face to face meetings and interacted with a number of shareholders and institutions in addition to presenting at a number of conferences during the year. Where appropriate, directors are invited to attend these conferences to meet with shareholders and prospective investors; in addition, the annual Investor Relations dinner was again held in October 2022. Positive feedback was received from all attendees of the dinner who welcomed the opportunity to interact with the Board and Manager. The Chair will write to the Company's largest shareholders following the publication of the Annual Report and Financial Statements offering the opportunity to meet to discuss any matters of interest or concern. The AGM of the Company was held as a hybrid event in September 2022 and the Board were delighted to once again welcome shareholders to the meeting in person. However the online level of presence was minimal. The Company's next AGM will be held at 2:30pm on Thursday 7 September 2023. Following the trials of holding semi-virtual and hybrid meetings, and considering the feedback received from shareholders, we have decided to return to an in-person only AGM and will not be providing a facility for online attendance. The Board recognises that the AGM is an important event for shareholders and the Company and is keen to ensure that shareholders are able to exercise their right to attend, vote and participate, we have therefore considered the meeting location and, based on feedback received, have moved to a central London office which is close to Liverpool Street Station with easy access from a number of directions. The meeting will therefore be held at the offices of Herbert Smith Freehills, Exchange House, Primrose Street, London, EC2A 2EG. Once again, we will be inviting feedback from shareholders and will take this into account when planning the 2024 meeting.

Stakeholder Group	How we engage with them
	The Board believes that shareholder engagement remains important, especially in the current market conditions and is keen that the AGM be a participative event for all shareholders who attend. Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at **cosec@polarcapital.co.uk** stating the subject matter as **PCTT-AGM**. The investment manager will give an in-person presentation and the Chair of the Board and all members of the Board will be in attendance and will be available to respond to questions and concerns from shareholders. Should any significant votes be cast against a resolution, the Board will engage with shareholders. Should this situation occur, the Board will explain in its announcement of the results of the AGM the actions it intends to take to consult shareholders in order to understand the reasons behind the votes against. Following the consultation, an update will be published no later than six months after the AGM and the next Annual Report will detail the impact the shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.
	Relations with Shareholders The Board and the Manager consider maintaining good communications and engaging with shareholders through meetings and presentations a key priority. The Board regularly considers the share register of the Company and receives regular reports from the Manager and the Corporate Broker on shareholder meetings attended and any concerns that have been raised in those meetings. The Board also reviews correspondence from shareholders and may attend investor presentations. The Chair has met with shareholders representing in the region of 12% of the share register, during the year and responded to comments raised both at the AGM and via email. Shareholders are able to raise any concerns directly with the Chair or the Board without intervention of the Manager or Company Secretary, they may do this either in person at the AGM or at other events, or in writing either via the registered office of the Company or to the Chair's specific email address **Chair.pctt@polarcapital.co.uk**. Shareholders are kept informed by the publication of annual and half year reports, monthly fact sheets, access to commentary from the Investment Manager via the Company's website and attendance at events in which the Investment Manager presents. The Company, through the sales and marketing efforts of the Investment Manager, encourages retail investment platforms to engage with underlying shareholders in relation to Company communications and enable those shareholders to cast their votes on shareholder resolutions; the Company however has no responsibility over such platforms. The Board therefore encourage shareholders invested via the platforms to regularly visit the Company's website or to make contact with the Company directly to obtain copies of shareholder communications. The Company has also made arrangements with its registrar for shareholders, who own their shares directly rather than through a nominee or share scheme, to view their account online at www.shareview.co.uk. Other services are also available via this service.

Section 172 Statement continued

Stakeholder Group	How we engage with them
	Outcomes and strategic decisions during the year **AGM** As detailed above the Board have decided to hold an in-person only AGM this year and have changed the location to accommodate feedback received in 2022. Further details can be found on pages 133 to 134 of the shareholder information section. **Buybacks** Further to shareholder authority being granted, the Company has the facility to conduct share buy backs when, in normal market conditions, it is in the best interests of shareholders to do so. The Company bought back a total of 6,070,882 shares during the year under review. Subsequent to the year end and to 13 July 2023, the Company bought back a further 1,229,369 shares. **Gearing** The Company is aware of the positive effect that leverage can have in increasing the return to shareholders when utilised. The Company has term loans with ING Bank NV, which expire in September 2024, consideration will be given to renewal or replacement ahead of the expiry date. Please see note 17 for further information. **Continuation Vote** The Company has within its corporate structure the requirement to hold a continuation vote every five years; ahead of each vote the Board, Investment Manager and Corporate Broker seek the feedback of shareholders including any concerns, and an indication of whether they were likely to vote in favour of the Company's continuation. The last continuation vote was held in September 2020, for which 100% of the votes cast were in favour, and the next continuation vote will be held at the AGM in September 2025. **Directors' Remuneration** The remuneration of Directors is reviewed regularly and was increased with effect from 1 May 2022 and again from 1 May 2023, to bring the fees of the Directors more in line with the wider market. Further details are provided in the Report of the Remuneration Committee on page 86.

<table>
<tr><th>Stakeholder Group</th><th>How we engage with them</th></tr>
<tr><td>Investment Manager</td><td>Engagement

Through the Board meeting cycle, regular updates and the work of the Management Engagement Committee reviewing the services of the Investment Manager twice yearly, the Board is able to safeguard shareholder interests by:

• Ensuring adherence to the Investment Management Policy and reviewing the agreed management and performance fees;
• Ensuring excessive risk is not undertaken in the pursuit of investment performance;
• Reviewing the Investment Manager's decision making and consistency in investment process;
• Ensuring compliance with statutory legal requirements, regulations and other advisory guidance such as consumer duty and aspects of operational resilience; and
• Considering the succession plans for the Technology Team in ensuring the continued provision of portfolio management services.

Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with the Investment Objective. The culture which the Board maintains to ensure this involves encouraging open discussion with the Investment Manager; recognising that the interests of shareholders and the Investment Manager are aligned, providing constructive challenge and making Directors' experience available to support the Investment Manager. This culture is aligned with the collegiate and meritocratic culture which Polar Capital has developed and maintains.

Outcome and Strategic Decisions during the year

ESG

The Board continued to engage with the Investment manager to understand how ESG has been integrated into the overall house style, the technology team investment approach and decision making as well as the methodology behind this. The Board also receives information on how ESG affects Polar Capital as a business and the technology team in particular.

Consumer Duty

The Board has worked with the Investment Manager to ensure the obligations of the new Consumer Duty regulations are appropriately applied to the Company. In light of the obligations, all communications including the website, fact sheets and other published documentation, have been reviewed to ensure they are appropriate for all end users. A 'value for money' assessment has also been undertaken and is made available to distributors on request for their due diligence processes.

Management

The Management Engagement Committee has recommended the continued appointment of the Investment Manager on the terms agreed within the Investment Management Agreement.</td></tr>
</table>

Section 172 Statement continued

Stakeholder Group	How we engage with them
Investee Companies	**Stewardship** The Board has instructed the Investment Manager to take into account the published corporate governance policies of the companies in which it invests. The Board has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The voting policy is for the Investment Manager to vote at all general meetings of companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. However, in exceptional cases, where it believes that a resolution could be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged. The Investment Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Investment Manager's Stewardship Code and Voting Policy can be found on the Investment Manager's website in the Corporate Governance section (www.polarcapital.co.uk). The Technology Investment Team also use the services of ISS to assist with their own evaluation of companies' proposals or reporting ahead of casting votes on behalf of the Company at their general meetings. In the event that an investee company has share blocking in place, the default position is to refrain from voting to ensure the ability to trade these stocks if required. During the year ended 30 April 2023, votes were cast at 99% of investee company general meetings held. At 52% of those meetings a vote was either cast against management recommendation, withheld or abstained from. Further information on how the Investment Manager considers ESG in its engagement with investee companies can be found in the ESG Report on pages 40 to 51. **Outcomes and strategic decisions during the year** During the year the Board discussed the impact of ESG and other market factors and how the Investment Manager factors these into its strategy, investment and decision-making process. The Board receives information on the ratings of investee companies and is able to use this as tool to inform discussions with the Manager during Board meetings.
Service Providers	**Engagement** The Directors have frequent engagement with the Company's other key service providers through the annual cycle of reporting, site visits and due diligence meetings. The schedule of deep-dive in-person meetings re-commenced in 2023. This engagement is completed with the aim of having effective oversight of delegated services, seeking to improve the processes for the benefit of the Company and to understand the needs and views of the Company's service providers, as stakeholders in the Company. Further information on the Board's engagement with service providers is included in the Corporate Governance Statement and the Report of the Audit Committee. During the year under review, due diligence meetings have been undertaken by the Investment Manager and where possible, service providers have joined meetings to present their reports directly to the Board or the Audit Committee as appropriate. **Outcomes and strategic decisions during the year** The reviews of the Company's service providers have been positive and the Directors believe their continued appointment is in the best interests of the shareholders and the Company as a whole. The accounting and administration services of HSBC Securities Services (HSS) are contracted through Polar Capital and provided to the Company under the terms of the IMA. The Board, through due diligence undertaken by the Company Secretary and the Polar Capital Compliance team, is satisfied that the service received continues to be of a high standard.

Stakeholder Group	How we engage with them
Proxy Advisors	**Engagement** The support of proxy adviser agencies is important to the Directors, as the Company seeks to retain a reputation for high standards of corporate governance, which the Directors believe contributes to the long-term sustainable success of the Company. The Directors consider the recommendations of these various proxy voting agencies when contemplating decisions that will affect shareholders and also when reporting to shareholders through the Half Year and Annual Reports. Recognising the principles of stewardship, as promoted by the UK Stewardship Code, the Board welcomes engagement with all of its investors. The Board recognises that the views, questions from, and recommendations of many institutional investors and proxy adviser agencies provide a valuable feedback mechanism and play a part in highlighting evolving shareholders' expectations and concerns. **Outcomes and strategic decisions during the year** Where possible the Chair and other representatives of the Company have engaged with the stewardship teams of some larger investors to understand and address their expectations in terms of board governance, recruitment and diversity. Prior to the Company's AGMs, the Company engages with agencies including PIRC and ISS to fact check their advisory reports and clarify any areas or topics contained within the report. This ensures that whilst the proxy advisory reports provided to shareholders are objective and independent, the Company's actions and intentions are represented as clearly as possible to assist with shareholders' decision making when considering the resolutions proposed at the AGM.
The AIC	**Engagement** The Company is a member of the AIC and has supported lobbying activities such as the consultation on the 2019 AIC Code, the 2021 BEIS Restoring Trust in Audit and Corporate Governance and the FCA's 2021 consultation on Diversity and Inclusion on Company Boards. The Directors also cast votes in the AIC Board Elections each year and regularly attend AIC events.

Approved by the Board on 18 July 2023

By order of the Board

Jumoke Kupoluyi, ACG
Polar Capital Secretarial Services Limited

Company Secretary

Report of the Directors

The Directors, who are listed on pages 8 and 9, present their annual report, together with their Report on Corporate Governance and the Audited Financial Statements for the year ended 30 April 2023. In addition, the attention of Shareholders is drawn to the Strategic Report Section (Chair's Statement, the Investment Manager's Report, Strategic Report, and the ESG and Section 172 Statements) which provides further commentary on the activities and outlook for the Company.

Introduction and Status

The Company is incorporated in England and Wales as a public limited company and domiciled in the United Kingdom. It is an investment company as defined in Section 833 of the Companies Act 2006, operating as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010 (as amended by section 42(2) of the Finance Act 2011). Its ordinary shares are listed and traded on the London Stock Exchange.

As an investment trust the Company's ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to do so for the foreseeable future so that the exclusion continues to apply.

Life of the Company

The Articles of Association of the Company provide that a vote on whether the Company should continue in operation be proposed as an ordinary resolution at every fifth AGM of the Company. Such a resolution was proposed at the AGM held on 2 September 2020 and was passed with 100% of the votes cast in favour of continuing for a further five years. The next continuation vote will be proposed at the AGM to be held in September 2025.

Directors

The current Directors of the Company are listed on pages 8 and 9. All the Directors held office throughout the year under review with the exception of Sarah Bates who retired on 8 September 2022. All Directors will seek re-election at the AGM in September 2023 in accordance with the AIC Code, which recommends annual re-election for all directors. The fees paid to the Directors are set out in the Directors' Remuneration Report. The Board have considered the support for the Directors' re-election and the rationale for such is set out on pages 8 and 9. The Corporate Governance report on page 78 provides more information on the composition of the Board.

Financial Instruments

The Company's financial risk management objectives and policies arising from its financial instruments and its exposure to risk are disclosed in note 27 to the Financial statements.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm there are no disclosures to be made pursuant to this rule.

Corporate Governance Statement

The Report on Corporate Governance on pages 74 to 79 forms part of this Directors' Report.

Capital Structure

Issued

The Company's share capital is divided into ordinary shares of 25p nominal value each. At 30 April 2023, there were 137,315,000 ordinary shares in issue of which 11,029,456 were held in treasury (2022: 4,958,574 ordinary shares held in treasury). As at 13 July 2023, the latest practicable date prior to signing of this report, there were 137,315,000 ordinary shares in issue of which 12,258,825 were held in treasury.

Changes During the Year

In the year under review, the Company bought back 6,070,882 ordinary shares (representing 4.4% of issued share capital) which were placed into treasury. Since the year ended 30 April 2023 to 13 July 2023, a further 1,229,369 shares have been bought back and placed in treasury. Further details can be found in Note 18 on page 115 to the Financial Statements.

Further information on transferability and the voting rights attached to these shares can be found in the shareholder information page 134.

Powers to issue and make market purchases of ordinary shares

The Board was granted authority by shareholders at the AGM in 2022 to allot equity securities up to a nominal value of £3,432,875, representing approximately 10 per cent. of the then issued share capital, and to issue those shares for cash without offering those shares to shareholders in accordance with their statutory pre-emption rights. New ordinary shares will not be allotted and issued at below the Net Asset Value.

The Board also obtained shareholder authority at the AGM in 2022 to make market purchases up to a nominal value of £5,145,880 representing approximately 14.99 per cent. of the then issued share capital, or 20,583,518 ordinary shares, for cancellation or holding as treasury shares in accordance with the terms and conditions set out in the resolution.

The level of the ordinary share price discount or premium to the Net Asset Value together with internal guidelines for the repurchase or issuance of new ordinary shares are kept under regular review by the Board. The Board considers that discount volatility is unattractive to shareholders but as a specialist investment fund, market sentiment can create sustained discount pressure. With this in mind the Board has a pragmatic approach to share buy backs. While there is no formal discount policy the Board discusses the market factors giving rise to any discount or premium, the long or short-term nature of those factors and the overall benefit to shareholders of any actions. The Board regularly considers, in comparison to the sector and peers, the level of premium and discount of the share price to the NAV and ways to enhance shareholder value including share issuance and buy backs.

These powers to issue and make market purchases of ordinary shares will expire at the AGM to be held in September 2023 and renewal of the authorities will be sought at that AGM.

Major interests in ordinary shares

As at the year end of 30 April 2023, the Company had received notifications from the following shareholders in respect of their own and their clients' interests in the voting rights of the Company:

Shareholder	Type of Holding	Number of Shares	% of voting rights*
Rathbone Brothers plc	Indirect	12,662,785	10.13%
Brewin Dolphin Ltd	Indirect	9,946,829	7.95%
Investec Wealth & Investment Ltd	Direct	6,813,636	5.45%
Quilter plc	Indirect	6,704,725	5.36%
Lazard Asset Management LLC	Both	6,383,454	5.10%

* The above percentages are calculated by applying the ordinary shareholdings as notified to the Total Voting Rights of the issued ordinary share capital at 13 July 2023 of 125,056,175 and do not necessarily match the submitted TR1s.

Environmental, Social and Governance ("ESG")

The Board is responsible for the corporate elements of ESG and for ensuring ESG is factored into the investment process. Details of how ESG is considered and where corporate requirements are met is provided on pages 40 to 51.

Disclosure of information to the Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Annual General Meeting

The AGM of the Company will be held on Thursday, 7 September 2023. Please see pages 133 and 134 for further information on the resolutions to be proposed at the meeting.

By order of the Board

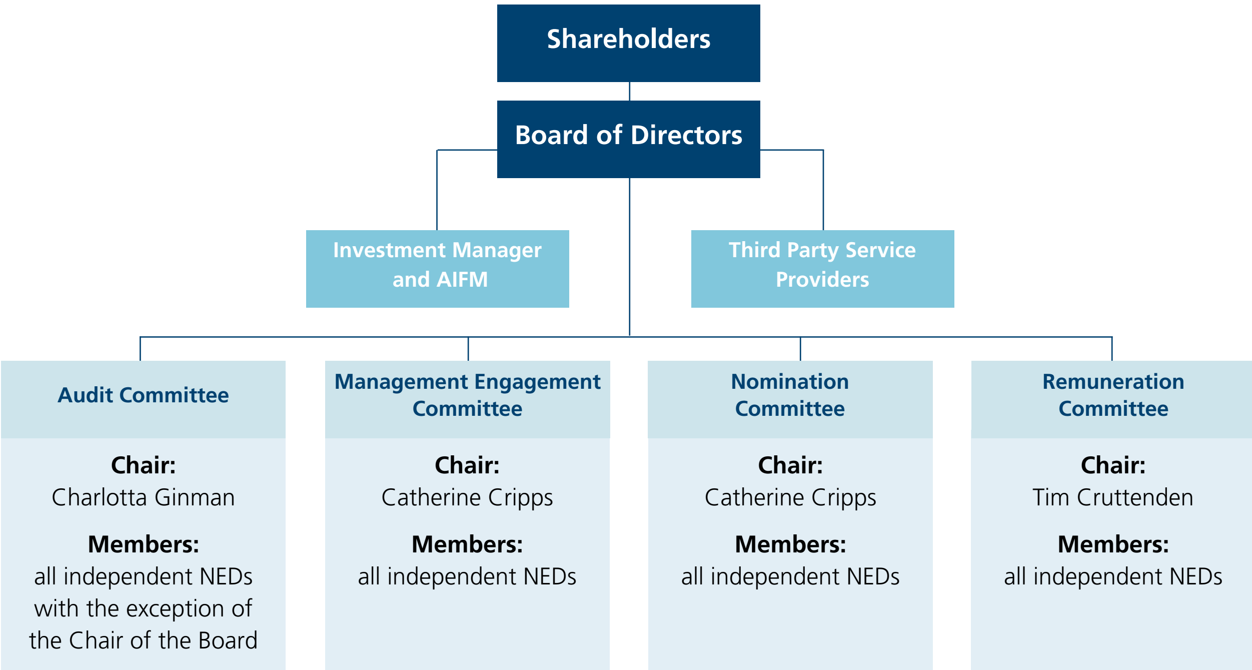
Jumoke Kupoluyi, ACG
Polar Capital Secretarial Services Limited

Company Secretary

18 July 2023

Report on Corporate Governance

The Directors recognise the importance of strong corporate governance and acknowledge that they are ultimately accountable to the Company and its shareholders and are therefore responsible for the good governance of the Company. The Company has no employees and the Directors rely on third parties to administer the Company and to provide investment management services. The following diagram demonstrates the governance framework within which the Company is managed.



As an externally managed investment trust, some provisions of the FRC UK Code of Corporate Governance (the UK Code) are not relevant, including those relating to the roles of chief executive, executive directors' remuneration, statement of gas emissions and the requirement to have an internal audit function, therefore the Board has considered the Principles and Provisions of the Association of Investment Companies Code of Corporate Governance (the AIC Code) and considers that reporting against the Principles and Provisions of the AIC Code provides more relevant information to Shareholders. The AIC Code addresses the relevant principles set out in the Financial Report Council ('FRC') UK Code as well as additional principles and recommendations on issues that are specific to investment trust companies. The FRC has confirmed that by following the AIC Code, boards of investment companies (including those structured as investment trusts) will meet their obligations under FCA Listing Rule 9.8.6.

Statement of Compliance and Application of The AIC Code's Principles

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. The Board believes that the Company's current practices are consistent in all material respects in applying the principles and complying with the provisions of the AIC Code. The Board will continue to observe the principles and recommendations set out in the AIC Code.

The AIC Code's principles and provisions are structured into five sections: Board leadership and purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration. The Company's application of the principles and compliance with the provisions of each section is detailed on the following pages.

Board Leadership and Purpose (Principles A-E, Provisions 1-7)

Purpose

The purpose of the Company is to provide a vehicle in which investment is spread across a diversified portfolio of technology companies which aim to deliver long term capital growth to shareholders. The Investment objective and policy seeks to achieve this purpose by providing investors with global exposure to technology companies and sets parameters to ensure the portfolio is diversified and excessive risk is not undertaken. As an externally managed investment trust, the culture of the Company is consequential of the Board's diversity, decisions and behaviours which are aligned with the values and behaviours of the Investment Manager, interaction between the two and engagement with the Company's stakeholders. The Board monitors this culture, including the policies and practices it implements to maintain it.

Board Leadership

The Directors, collectively as the Board, are responsible for leading the Company and the strategic direction of such and the Board engages various third-party providers to implement the strategy. In promoting the long-term sustainable success of the Company, the performance of the Company's portfolio is constantly reviewed in view of value generation for shareholders by achievement of the investment objective. The engagement of third-party providers is considered regularly along with the fee rates payable to each. The largest financial commitment of the Company is with the Investment Manager with whom the Board reviews fees regularly; the last change was in 2022 and the next formal 3-yearly review will commence in 2024.

The Company's performance over the previous ten years can be found on page 3 and how the Board views its duties is considered in the s172 statement on pages 66 to 71. The Board's engagement with shareholders and stakeholders and how it contributes to strategic decision making is also discussed within the s172 statement.

Participation from both groups is encouraged and the Board can be easily contacted through the Company Secretary. The Company's service providers are subject to periodic visits and attend service review and other meetings throughout the year, ensuring effective engagement. Fulfilling the Investment Objective and the Company's performance is the focus of the Board's primary discussions in meetings, these are also reported on at least monthly.

The Board's effectiveness, including how it promotes the long-term sustainable success of the Company, is reviewed annually and is facilitated by an external evaluator every three years. The evaluation process is managed by the Nomination Committee and the outcomes from the external evaluation completed in 2023 are detailed in the Report of the Nomination Committee on page 90.

Role, responsibilities and committees of the board

The Board has delegated to each of the Audit, Management Engagement, Remuneration and Nomination committees specific remits detailed within the terms of reference which are available on the Company's website, but the final responsibility in these areas remains with the Board. In addition to formal meetings, the Board also holds ad hoc meetings or creates ad hoc committees (such as the Black Swan Committee) to enact or approve policies or actions agreed in principle by the whole Board. The Chair of each committee attends the AGM to deal with questions relating to the Financial Statements and their specific mandates.

Attendance at each of these meetings is disclosed on page 76. Given the size of the Board and that all the Directors of the Company are non-executive, all members of the Board serve on each Committee, with the exception of the Board Chair Catherine Cripps who is an invited guest at meetings of the Audit Committee. This encourages unity, clear communication and prevents duplication of discussion between the Board and the Committees.

Report on Corporate Governance continued

The number of formal meetings of the Board and its committees held during the year ended 30 April 2023 and the attendance of individual Directors are shown below.

	Board & Strategy	Audit	Management Engagement	Remuneration	Nomination	2022 AGM
Number of Meetings						
Catherine Cripps*	5	3	2	1	1	1
Tim Cruttenden	5	3	2	1	1	1
Charlotta Ginman	5	3	2	1	1	1
Charles Park	5	3	2	1	1	1
Jane Pearce	5	3	2	1	1	1
Stephen White	5	3	2	1	1	1
Sarah Bates**	3	2	1	1	1	1

* Invited guest following appointment as Chair of the Board on 8 September 2022

**Invited guest / retired 8 September 2022

Investment Manager

The Board has contractually delegated the day-to-day management of the portfolio to Polar Capital LLP (the 'Manager' or 'Investment Manager'), directly represented by Ben Rogoff as Portfolio Manager and Alastair Unwin as Deputy Fund Manager. It is the sole responsibility of the Portfolio Managers to take decisions as to the purchase and sale of individual investments other than unquoted investments where the Board is consulted. The Portfolio Manager has responsibility for tactical gearing, asset allocation and sector selection within the guidelines established and regularly reviewed by the Board.

The Manager is responsible for providing or procuring accountancy services, company secretarial and administrative services. The Company Secretary also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Manager attend all Board meetings in a variety of capacities including investment management, compliance, risk and marketing, enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The whole Board reviews the performance of the Manager in all service disciplines and, at each Board meeting, the Company's performance against the market and a peer group of funds with similar investment objectives is reviewed. The investment team provided by the Manager, led by Ben Rogoff, has long experience of investment in technology. In addition, the Manager has other investment resources which support the investment team and has experience in managing and administering other investment trust companies.

The Board and Investment Manager work in a collaborative manner and the Chair encourages open discussion and debate.

Report of The Nomination Committee

Catherine Cripps chairs the Nomination Committee and all independent non-executive Directors are members. The Report of the Nomination Committee can be found on page 90.

Report of The Audit Committee

Charlotta Ginman chairs the Audit Committee, and all independent non-executive Directors are members with the exception of the Chair of the Board, who may be invited to attend meetings as a guest. The Audit Committee Report is set out on pages 80 to 84.

Report of The Remuneration Committee

Tim Cruttenden as Senior Independent Director, chairs the Remuneration Committee and all independent non-executive Directors are members. The Report of the Remuneration Committee can be found on pages 85 to 89.

Division Of Responsibilities (Principles F-I, Provisions 8-21)

The Chair

The Chair is responsible for the leadership of the Board and works with the Company Secretary for setting the Board meeting agendas and for balancing the issues presented to each meeting. Open and honest debate is encouraged at each Board meeting and the Chair keeps in touch with both the Company Secretary and other Directors between Board meetings. Catherine Cripps was appointed to the Board in September2021 and appointed as Chair of the Board in September 2022. The Chair was independent on appointment and continues to meet the criteria for independence.

The Senior Independent Director ('SID')

The Board does not have any executive directors; therefore Tim Cruttenden as the SID leads on matters relating to Chair succession, evaluation and remuneration of the Chair and non-executive Directors. The SID can be contacted via the Registered Office of the Company.

Board Responsibilities

The Board currently comprises six non-executive Directors who are all considered to be independent. The Board considers that its overall composition is adequate for the effective governance of the Company. A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No such advice has been sought during the year.

The Directors have access to the advice and services of the Company Secretary which is provided in compliance with the IMA through Polar Capital Secretarial Services Limited. An appointed representative, Jumoke Kupoluyi, ACG, is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment. The Board acknowledges that PIRC (Pensions and Investment Research Consultants Limited, an independent corporate governance and shareholder advisory consultancy) has confirmed its voting guidelines and recommends voting against the laying of the Annual Report at an AGM where the Investment Manager provides company secretarial services to the Company. The Board believe the benefits gained by utilising the services of a Company Secretary provided by the Investment Manager far outweigh any perceived risk or conflicts in the view of PIRC. The Company Secretary is provided to the Company as an independent service and the appointed representative acts as an officer of the Company and not an employee of the Investment Manager when working with the Board and the Company.

The Board has a schedule of regular meetings through the year and meets at additional times as required. During the year, Board and Committee meetings were held to deal with the ongoing stewardship of the Company and other matters including the setting and monitoring of investment strategy and performance, review of the Financial Statements, ESG and considering any shareholder feedback. The level of share price discount or premium to the net asset value are kept under review along with matters affecting the industry and the evaluation of third-party service providers. The Board was responsible for considering, reviewing and implementing appropriate policies in respect of regulatory changes that impacted the Company.

The Board continues to consider the Company's strategy and its relevance to the market and shareholders as a whole at each Board meeting and at least one Board meeting per year includes an in-depth focus on strategy. Through this process the Board supervises the management of the investment portfolio, the work of the Investment Manager, the risks to which the Company is exposed and their mitigation, and the quality of services received by the Company.

The Nomination Committee seeks to balance the time required, skills, knowledge and experience of individual Directors to form an effective and efficient Board. Directors may adopt external appointments in compliance with the Board's conflicts of interests policy which also considers the time commitment of external appointments.

Directors' Professional Development

When new Directors are appointed, they are offered an induction course provided by the Manager. Directors are welcome to visit the Manager at any time to receive an update on any aspect of interest or a refresher on the Manager's operations both generally and those which are specific to the Company. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors may also regularly participate in professional and industry seminars and may use the Manager's online training resources to ensure they maintain their knowledge. The programme of 'deep-dive' internal controls reviews with suppliers serve to both maintain the level of internal review undertaken with suppliers but also to enhance the Directors' understanding of the services and any enhancements or changes made to such.

Conflicts Of Interest

Directors have a duty to avoid a situation in which they have a conflict of interest or a possible or perceived conflict with the interests of the Company. The Company's Articles of Association contain provisions to permit the Board to authorise conflicts or potential conflicts.

The Board has in place a policy to govern situations where a potential conflict of interest may arise, for example where a director is also a director of a company in which the Company invests or may invest. Where a conflict situation arises, the conflicted Director is excluded from any discussions or decisions relating to the matter of conflict. The Conflicts Register is reviewed at every Board meeting and the Directors are reminded of their obligations for disclosure. No Director

Report on Corporate Governance continued

has declared the receipt of any material benefits other than their emoluments and associated expenses in their capacity as a Director of the Company.

There were no contracts subsisting during or at the end of the year in which a Director is or was interested and which is or was significant in relation to the Company's business or to the Director since its introduction. All the Directors were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgement.

The Directors' interests in the ordinary shares of the Company are set out on page 88 of the Directors' Remuneration Report.

Composition, succession and evaluation (principles j-l, provisions 22-28)

Board Composition and Diversity

During the full year under review there were seven non-executive Directors, reducing to six with the retirement of Sarah Bates on 8 September 2022.

In accordance with the Disclosure and Transparency Rules, the Company is required to have a Diversity Policy. The Board is committed to considering diversity at all stages of recruitment to the Board and has worked hard to ensure the broadest range of candidates are found when recruiting new directors. When recruiting directors, the Nomination Committee seeks to follow the diversity recommendations of the various Governance Reviews, amongst other factors; consideration is given to all forms of diversity in order to balance both the expertise on, and the structure of, the Board as a whole.

The Board notes the reporting requirements of the FCA Diversity and Inclusion Policy and has chosen to align its diversity reporting reference date with the Company's financial year end, 30 April 2023. The Company has met two of the three targets on board diversity at its chosen reference date: (i) at least 40% of the individuals on its board of directors are women, three of the six directors are female; and (ii) at least one senior female appointment, two of the three females on the board hold senior positions, the Chair and the Chair of the Audit Committee*. Whilst the current composition of the Board does not satisfy the ethnicity requirements (at least one non-white ethnic minority Board member), the Board continues to keep this under consideration as part of the Board's future succession plans and hopes to meet all aspects of the FCA's Diversity policy in future.

* due to the Company being an investment trust with no employees or executive directors the Board considers senior roles on the Board to comprise the Chair, the Chair of the Audit Committee and the Senior Independent Director.

As required under LR 9.8.6R(10), further detail in respect of the diversity targets as at 30 April 2023 are provided in the tables below.

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair, Audit Chair and SID)
Men	3	50%	1
Women	3	50%	2

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair, Audit Chair and SID)
White British or other (including minority-white groups)	6	100%	3
Minority Ethnic	-	-	-

As an externally managed investment trust, the Company has no executive directors or employees therefore columns relating to executive roles/management have been omitted from the tables. As per the AIC's Guidance, the Company considers the role of Board Chair and Chair of the Audit Committee as senior board positions and the above disclosures are made on this basis.

Performance and re-election

The Board formally reviews the performance of the Directors each year and considers any recommendations of the Nomination Committee, the deliberations of which take place in the absence of any Board nominee. Directors are required to stand for election by shareholders at the first AGM following their appointment to the Board and each Director will stand for re-election annually.

The rationales for re-election of each Director are included in the Board of Directors biographies on pages 8 to 9 and the Chair's letter which accompanies the Notice of Annual General Meeting at which the re-election resolution is being put to shareholders.

When considering Board structure and composition, the Committee seeks to ensure the candidates considered will enhance the Board and replace or refresh desired skill sets. The Board has a policy to consider diversity and has worked hard to ensure the broadest range of candidates are found when recruiting new directors.

Further information on the Company's succession, evaluation and recruitment process can be found in the report of the Nomination Committee on page 90.

Audit, Risk And Internal Control (Principles M-O, Provisions 29-36)

Internal Controls

The Board has overall responsibility for the Company's system of internal control, for reviewing its effectiveness and ensuring that risk management and control process are embedded in the day to day operations which are operated or overseen by the Investment Manager. The Board, through the Audit Committee, has established a process for identifying, evaluating, monitoring and reviewing, and managing the principal risks faced by the Company. This is documented through the use of a Risk Map which is subject to regular review by the Audit Committee and accords with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014 by the Financial Reporting Council. As the Company has no employees and its operational functions are carried out by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function.

Contracts with suppliers are entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Investment Manager has an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The Manager is authorised and regulated by the Financial Conduct Authority and its compliance department monitors the Company's compliance with the various rules and regulations applicable to it including the FCA's rules, AIFMD and GDPR, for example.

The Audit Committee reviews and reports to the Board on the operation of the controls which are embedded within the business of the Manager and other third-party suppliers. Controls and risk management covering the risks identified, including financial, operational, compliance, safeguarding of assets, maintenance of proper accounting records and the publication of reliable financial information are monitored by a series of regular reports from the Investment Manager including risks not directly the responsibility of the Investment Manager.

Operation of Internal Controls

The process was active throughout the year and up to the date of approval of this Annual Report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, in assessing the effectiveness of the Company's internal controls has, through the Audit Committee, received formal reports on the policies and procedures in operation, where control failures have occurred an exceptions report is provided along with mitigation in place to ensure the control is met in future. For the year under review, no material errors or control failures were identified. The Manager and the key service providers have subsequently provided confirmation that their control environments continued to operate effectively up to the date of signing these Financial Statements.

The Board also considers other reports provided by third-party suppliers and ad hoc reports from the Investment Manager are supplied to the Board as required.

The Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services but remains responsible to the Company for these functions and provides the Board with information on these services.

Remuneration (Principles P-R, Provisions 37-42)

The Remuneration Committee is chaired by Tim Cruttenden and all independent non-executive Directors are members of the Committee. The current remuneration policy was approved by shareholders at the AGM in September 2020 and came into effect on 1 May 2021, the policy shall expire on 30 April 2024, being three years since inception of the policy. The new policy for the three year period from 1 May 2024, (which is proposed unchanged from the current policy) is subject to shareholder approval at the AGM in September 2023 and will apply to the three financial years commencing 1 May 2024 and ending on 30 April 2027. Further detail is contained within the Report of the Remuneration Committee on page 85 and explains how the policy is designed to support strategy and promote long-term sustainable success.

Jumoke Kupoluyi ACG
Polar Capital Secretarial Services Limited
Company Secretary

18 July 2023

Audit Committee Report

This report forms part of the Strategic report section

Charlotta Ginman
Chair of the Audit Committee

Introduction from The Chair

I am pleased to present, as Chair of the Audit Committee, my eighth report to Shareholders. As referenced in my report to you last year, Jane Pearce joined the Board on 6 September 2021 as Audit Chair Elect and will succeed me as Audit Chair for the year ending 30 April 2024. As part of the phased transition and to ensure a smooth and orderly handover process ahead of my retirement in September 2024, I will be stepping down as Audit Chair on 31 October 2023 but will remain on the Board as a non-executive Director whilst Jane will step up and assume the role of Audit Chair. This is therefore my final report to you as Audit Chair and I express my thanks to shareholders and my fellow board members for the support I have received in my role since joining the Board in February 2015.

Committee Composition

The Committee comprises all of the independent non-executive Directors; with the exception of the Chair of the Board who attends Committee meetings by invitation.

The Audit Committee, as a whole, has competence relevant to the sector in which the Company operates. Committee members have a range of financial, investment and other relevant sector experience, including fund management in both listed and private equity funds. The requirement for at least one member of the Committee to have recent and relevant financial experience is satisfied by various members of the Committee who are Chartered Accountants and some of whom also chair Audit Committees for other public companies. More information about the Committee members can be found in the Directors' biographies on pages 8 and 9.

During the year the Audit Committee met three times, with all members of the Committee attending each meeting.

Committee Role and Responsibilities

The Committee has written terms of reference which clearly define its responsibilities and duties. The terms of reference which are reviewed annually by the Committee and are approved by the Board, are available to view on the Company's website, www.polarcapitaltechnologytrust.co.uk.

Matters considered by the Audit Committee during The Year

Geopolitical events

This time last year we were reporting on the impact of the Russian war on Ukraine as well as the effects of inflation and rising interest rates which closely followed the transition out of the pandemic and the commencement of the Russia-Ukraine war. The effect of this is still being felt through escalating energy prices, supply chain shortages and more recently we have seen increased market volatility following the collapse of large banks such as Silicon Valley Bank ("SVB") and Credit Suisse. In addition to this, we have seen relations between Taiwan and China deteriorate and tensions have grown in recent months increasing the likelihood of a military escalation between the countries. The consequences of these events and the associated market volatility has had an impact on the Company's portfolio performance. Further details can be found in the Investment Manger's Report on pages 14 to 27. The Committee will continue to monitor the impact of these events which appear in our assessment of risk and the ability to achieve the Company's investment objective.

The Committee regularly reviews the operational resilience of its various service providers in connection with the mitigation of the business risks posed by geopolitical events. Many of the external service providers have continued to utilise the hybrid working model after such a successful business transition to fully remote working during the pandemic. The Committee is pleased to confirm that all service providers have continued to demonstrate their ability to provide services to the expected level, with no breaks in the services provided or significant operational failures.

New Regulation and Guidance

Since my last report to you, the Committee has continued to follow developments in the relevant regulatory environment to consider any new and ongoing requirements.

As reported last year, the Committee is aware of the extensive proposals outlined by the Department of Business and Trade ("DBT") which seek to strengthen the UK's audit and corporate governance framework. The outcomes of the consultation process were published on 31 May 2022 and are now progressing through primary and secondary legislation.

The Committee will continue to monitor the detail of any primary and secondary legislation arising from the reforms and consider any suggested guidance from DBT for good practice. The FRC have also launched an associated consultation process for changes to the UK Code of Corporate Governance; the consultation will close in September 2023; the results will be reviewed thereafter in conjunction with the AIC's Code of Corporate Governance which the Company follows. The Committee will report on any changes made in the Annual Report following the introduction of any revised legislation as well as any changes arising out of the FRC's recently released "Audit Committees and the External Audit: Minimum Standard" guidance.

Significant Reporting Matters

Annual Report and Financial Statements (the 'Annual Report')

The Board has asked the Committee to once again confirm that in its opinion the Annual Report as a whole can be taken as fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy. In doing so the Committee has given consideration to:

- the ongoing comprehensive control framework around the production of the Annual Report, including the verification processes in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process, by the Investment Manager and the Committee;
- the internal control environment as operated by the Investment Manager and other suppliers including any checks and balances within those systems; and
- the unqualified audit report from the auditors.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30 April 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy, and this has been recommended to the Board.

Valuation of Investments

During the year the Committee once again reviewed the robustness of the Investment Manager's processes in place for recording investment transactions as well as ensuring the valuation of assets is carried out in accordance with the adopted accounting policies and as laid out in Note 2 (f). No unquoted valuations were held at the Company's year end.

Existence and Ownership of Investments

During the year the Committee received reassuring quarterly reports from the Depositary on its work and safe keeping of the Company's investments, in accordance with the AIFM Regulations. No errors have been reported during the year.

Other Reporting Matters

Accounting Policies

During the year the Committee ensured that the accounting policies as set out on pages 104 to 108 were applied consistently throughout the year. In light of there being no unusual transactions during the year or other possible reasons, there were no changes to currently adopted policies. There were no new UK-adopted international accounting standards ("UK-adopted IAS") or amendments to UK-adopted IAS applicable to the current year which had any significant impact on the Company's Financial Statements.

Going Concern

The Audit Committee considered the ability of the Company to adopt the Going Concern basis for the preparation of the Financial Statements. Having reviewed the Company's financial position, the Committee is satisfied that it is appropriate for the Board to prepare the Financial Statements for the year ended 30 April 2023 on a going concern basis.

The Committee's review of the Company's financial position included consideration of the current cash and debt ratios of the Company; the ability to repay outstanding bank facilities with 21% cash equivalents readily available to the Company as at 30 April 2023; the diversification of the portfolio; and the analysis of portfolio liquidity, which estimated liquidation of 99.8% of the portfolio within seven trading days.

Audit Committee Report continued

The Committee is mindful of the ongoing inflation, recession fears and rising interest rates along with the increased tensions between China and Taiwan and the longer term impact this may have on the global economy and the sector in which the Company operates. As noted above, these have been included on the Company's risk map and will continue to be monitored. The Committee also considered the Company's financial performance during the year under review and concluded that: given the lack of impact on dividend income received and there being no exposure to unquoted assets at the year-end, this had not affected the Company's ability to continue as a going concern and is not expected to have a significant financial impact on the Company during the next 12 months.

Viability Statement

The Committee considered the Company's longer-term viability, with reference to the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, and concluded that the Board may state its reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

The assessment took account of the Company's current financial position, its cash flows and its liquidity position, the principal risks as set out on pages 62 to 65 and the Committee's assessment of any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern.

The assessment was then subject to a sensitivity analysis projected over a five-year period, which tested a number of the key assumptions including income and expenditure underlying the forecasts both individually and in aggregate for normal, favourable and stressed conditions. In conducting the stress tests, the Company's principal risks such as failure to achieve the investment objective, global geopolitical risk, black swan events and IT Failure, fraud and cyber risk were grouped into three buckets according to their post mitigation scores and, where possible, material values were attached to the key risks materialising and evaluated to assess the effect of this on the Company's ability to continue as a going concern and its viability over a five-year period. The Committee recommended to the Board that the Company's longer term prospects to continue its operations and meet its expenses and liabilities as they fall due over the next five years to 30 April 2028 were reasonable. See pages 59 and 60 for further details.

Taxation and Expenses

The Committee sought to ensure that the Company was compliant with section 1158 of the Corporation Tax Act 2010 throughout the year, by seeking and receiving confirmation that the Company continues to meet the eligibility conditions. In the year under review, Grant Thornton LLP provided services to the Company as tax agents in Taiwan and Arkk Solutions provided the iXBRL and ESEF tagging of the Company's accounts for submission to HM Revenue and Customs.

At the Audit Committee meeting in May 2023, the Committee also considered the allocation of expenses between capital and income and agreed to continue with the Company's stated accounting policy of allocating the indirect costs to revenue and any performance fees to capital, in line with market practice and permitted by the AIC SORP (Statement of Recommended Practice).

Interim Report and Financial Statements

The Committee considered and reviewed the Interim Report and Financial Statements, which are not audited or reviewed by the external Auditors, to ensure that they remained consistent with the accounting policies used in the annual Financial Statements.

Internal Controls and Risk Management

The Board has ultimate responsibility for the management of risk throughout the Company and has asked the Audit Committee to assist in maintaining an effective internal control environment. The Company maintains a Risk Map which seeks to identify, monitor and control principal risks as well as identifying emerging risks. At each Audit Committee meeting, the Committee reviews the Risk Map to identify the principal and emerging risks facing the business including those that might threaten its business model, future performance, liquidity and reputation. Alongside this, the Committee considers the likelihood, impact, mitigating factors and controls to reduce the impact of such risks as described on pages 62 to 65. Any material changes to the Risk Map are proposed to the Board for consideration and if appropriate, adoption.

Furthermore, the Audit Committee discusses and assesses emerging risks and where appropriate recommends changes to the Risk Map, as well as thinking of different ways of illustrating the level of risk faced by the business. The Committee will actively continue to monitor the system of internal controls through the regular review of the Risk Map and the internal control environment in order to provide assurance that they operate as intended and that the Risk Map reflects developing and new risks.

As part of the year end process the Audit Committee undertook a review of the effectiveness of the system of internal controls taking into account any issues that had arisen during the course of the year. The Committee acknowledges that the Company is reliant on the systems utilised by external suppliers. Representatives of the Investment Manager reported to the Committee on the system of internal controls in place for the performance of the Investment Manager's duties under the Investment Management Agreement. Presentations and internal control reports were also received from other key suppliers on the quality and effectiveness of the services provided to the Company. In addition, employees of the Manager conducted an onsite due diligence visit with HSBC where they received thorough presentations from representatives covering the work of the Operations, Risk Administration and Accounting Teams, in addition to the Custodian and Depositary. No matters of concern with any areas of service were raised at any of the meetings or on reviewing the internal controls reports. Deep dive review meetings of service providers have been reintroduced following the COVID-19 pandemic and the schedule of meetings commenced in May 2023, immediately following the financial year under review. These meetings will be reported on in the 2024 Annual Report.

The Audit Committee has reviewed the Investment Manager's policies on whistleblowing, anti-bribery and the Modern Slavery Act and is satisfied that the Investment Manager has controls and monitoring processes in place to implement their policies across the main contractors which supply goods and services to the Investment Manager and the Company. The Company has adopted an Anti-Corruption policy which incorporates Anti-Bribery, Anti-Slavery and the Corporate Criminal Offence of Tax Evasion. In addition to this the Company has issued a data privacy notice in relation to the General Data Protection Regulation. All such policies can be found on the Company's website www.polarcapitaltechnologytrust.co.uk.

The Audit Committee has also considered the Investment Manager's policy and controls surrounding the use of brokerage commissions generated from transactions in the Company's portfolio. There were no issues of concern arising from the reviews of the internal controls environment the Company relied upon during the course of the year ended 30 April 2023.

External Auditor

The Committee, on behalf of the Board, is responsible for overseeing the relationship with the external auditor, including ensuring the quality and robustness of the audit.

Appointment and Tenure

Following a formal and competitive tender process, KPMG LLP ('KPMG') was appointed as the Company's external auditor with their first year as the Company's auditor being the year ended 30 April 2018. Mr John Waterson was the Audit Partner allocated to the Company by KPMG on engagement until completion of the financial year ending in April 2022. Mr Waterson was succeeded by Mr Philip Merchant who will complete his first audit cycle with the Company for the financial year ended 30 April 2023. In accordance with current legislation, the Company is required to tender the external audit no later than for the year ending 30 April 2028, after ten full audit years by the incumbent auditor. However, the Committee keeps the external audit function under review and may choose to undertake an audit tender process earlier than prescribed should it be deemed in the best interests of shareholders so to do. The re-appointment of KPMG as Auditor to the Company will be submitted for shareholder approval at the AGM to be held in September 2023, together with a separate resolution to authorise the Directors to set the remuneration of the Auditor.

The Company has complied throughout the year ended 30 April 2023 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order'). There are no contractual obligations restricting the choice of external auditor. The external auditor is invited to all Committee meetings and receives copies of all relevant papers and meeting minutes.

The Audit

The scope of the annual external audit was agreed in advance with the Committee with a focus on areas of audit risk and the appropriate level of audit materiality. The Auditors reported to the Audit Committee on the results of the audit work and highlighted any issues which were significant or material in the context of the Financial Statements. There were no adverse matters brought to the Audit Committee's attention in respect of the financial year 2023 which were material or significant or which should be brought to shareholders' attention.

Effectiveness

The Audit Committee monitored and evaluated the effectiveness of the Auditors under the terms of their appointment based on an assessment of their performance, qualification, knowledge, expertise and resources. The Auditors' effectiveness was also considered along with other factors such as audit planning and interpretations of accounting standards. This evaluation has been carried out throughout the year by meetings

Audit Committee Report continued

held with the Auditors, by review of the audit process and by comments from the Investment Manager and others involved in the audit process.

The Auditors were provided with an opportunity to address the Committee and independently, the Audit Chair, without the Investment Manager present to raise any concerns, or discuss any matters relating to the audit work, the cooperation of the Investment Manager and others in providing any information and the quality of that information including the timeliness in responding to audit requests. No concerns were raised by the Auditors or the Audit Committee in relation to the service provided by the Investment Manager or any other third-party service provider.

Independence

To fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed the senior staffing for the audit, the Auditors arrangements concerning any conflicts of interest, the extent of any non-audit services, the Auditors independence statement and any other issues that may affect the Auditors independence.

Subsequent to the review, the Audit Committee concluded that the Auditor remained independent and continued to act in an independent manner.

Fees

As part of the year end audit, the Committee considered and re-confirmed the level of fees pre-agreed and payable to the Auditor bearing in mind the nature of the audit and the quality of services received. The annual audit fee for the year was £62,500 (2022: £45,000). The fee represents a further increase on the prior year to reflect the additional work required by the auditors as a result of new auditing standards, specifically IAS 315, inflation and the level of audit work required to perform a robust quality audit.

The year-on-year increase is in line with increases experienced across the investment trust sector in the current and recent years. Audit firms generally have increased the fees that they charge to investment trusts in order to reflect the increased level of work that they have been required to perform, and the increased risk that they perceive, in the context of more rigorous levels of audit scrutiny and regulation.

The Audit Committee is conscious of the increased external audit fees which continue to be proposed across the industry in connection with increasing requirements of auditing standards and expectations. The Audit Committee therefore continues to keep fee levels under close review and considers that any fee increases must be justified.

Non-Audit Services

The Audit Committee's policy on the provision of non-audit services by the Auditors is available on the Company's website. The policy was produced in line with the FRC Ethical Standards (March 2020) and any non-audit services are required to be pre-approved by the Audit Committee. KPMG LLP were appointed to undertake their first annual audit for the year ended 30 April 2018 and have not provided any non-audit services to the Company in the year under review, or in the previous year.

Effectiveness of The Committee

The services provided to the Board by the Committee are reviewed within the Annual Board Evaluation, including consideration of actions undertaken by the Committee with the Investment Manager and Auditor to ensure an appropriate audit process is undertaken. This year, an internal evaluation was completed and I am pleased to confirm that the findings of the evaluation processes were positive with no matters of concern to report. The Committee continually seeks to improve its effectiveness where possible and follow best practice guidance from the FRC and other relevant legislative and industry bodies.

Charlotta Ginman, FCA
Chair of the Audit Committee

18 July 2023

Directors' Remuneration Report

Tim Cruttenden
Senior Independent Director and Chair of the Remuneration Committee

Introduction

This report is submitted in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013 (the 'Regulations'), The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 April 2023. It has been audited where indicated.

Chair's Report

The Remuneration Committee is Chaired by Tim Cruttenden who is also the Senior Independent Director (SID).

The Remuneration Committee ("the Committee") comprises all the independent non-executive Directors and has written terms of reference, which are available to view on the Company's website, www.polarcapitaltechnologytrust.co.uk. The terms of reference clearly define the Committee's responsibilities and duties.

The Committee meets at least annually and is responsible for recommending the framework for the remuneration of Directors, including the ongoing appropriateness of the Remuneration Policy and the individual remuneration of Directors based on their contributions. The Committee aims to pay fees relative to other companies in the sector commensurate with the responsibilities and time commitments of the Board. On at least an annual basis and within the current year, we considered the time and commitment required of the Directors and of the Chair of the Board. The remuneration review carried out in May 2023 is detailed on page 86.

Remuneration Policy

Shareholders approved the current Directors' Remuneration Policy by way of an ordinary resolution passed at the AGM in September 2020. Such Policy came into effect on 1 May 2021 and shall remain in force until 30 April 2024.

Company's Policy on Directors' Remuneration effective until 30 April 2024

How policy supports strategy and promotes long term sustainable success	Operation	Opportunity
The Board consists entirely of independent non-executive Directors, who meet regularly to deal with the Company's affairs. The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.	Non-executive Directors have formal letters of appointment and their remuneration is determined by the Board within the limits set by the Articles of Association. Fees are reviewed annually but the review will not necessarily result in any change to rates. No Director is involved in deciding their own remuneration level. Non-executive Directors are appointed initially for a three-year term, subject to annual re-election by Shareholders in accordance with the AIC Code. All fees are paid by credit transfer monthly in arrears, to the Director concerned.	The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector with additional fees for the roles of Chair of the Company, Chair of the Audit Committee and SID. In accordance with the Company's Articles of Association, any Director who performs, or undertakes to perform, services which the Directors consider go far beyond the ordinary duties of a Director, may be paid such additional remuneration (whether by way of fixed sum, bonus, commission, participation in profits or otherwise) as the Directors may determine. In such instances, when the Remuneration Committee believes that there have been exceptional circumstances and a Director's services have been substantially beyond what is typically expected, the Remuneration Committee will authorise a payment to a Director and provide details of the events, duties and responsibilities that gave rise to such within the Remuneration Implementation Report.
As the Company is an investment trust and all Directors are non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.	Non-executive Directors do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes.	There are no performance conditions relating to non-executive Directors fees.

Directors' Remuneration Report continued

As the current Remuneration Policy will expire on 30 April 2024, the Company is required to seek shareholder approval for a Remuneration Policy that can remain in operation for the next three-year period (unless proposed for change within such period). The Policy being proposed is unchanged from the policy outlined on page 83 which was approved in 2020 and if approved by shareholders, the Remuneration Policy will come into force on 1 May 2024 until its expiry on 30 April 2027.

As per previous AGM resolutions shareholders will be asked to consider a non-binding vote for the approval of the Directors' Remuneration Implementation Report which reports on how the current policy has operated during the year to 30 April 2023. The results of the Shareholder vote on the Directors' Implementation Report and on Directors' Policy Report submitted to the 2022 Annual General Meeting were as follows:

	Implementation Report for the Year ended 30 April 2022	Remuneration Policy for the three years ending on 30 April 2024
Votes for	99.87% of votes cast	99.94% of votes cast
Votes against	0.13% of votes cast	0.06% of votes cast
Votes withheld	21,716	1,379,929

2022/23 Fees Paid

In the year under review the Directors' fees were paid at the following annual rates, the Chair £55,000; other Directors £33,000 with the Chair of the Audit Committee receiving an extra £7,000 and the Senior Independent Director receiving an extra £4,200 for performing such additional roles.

Fee Review

The Committee carries out an annual review of fees paid to the Directors. While such a review will not necessarily result in any change to the rates, the Committee believes that it is important that these reviews happen annually.

As referenced in last years' report, during the 2022 remuneration review and as reflected in the wider Board Evaluation report from the external evaluator, we recognised that the Remuneration of the Chair was significantly below that of peers and below the market rate for a large investment trust. The Board usually favours modest increases year on year therefore, we elected to increase the remuneration of the Chair in two stages, across 2022 and 2023. To that end we raised the Chair's remuneration by 10% in 2022 and have raised the amount by 15.6% this year, reflecting both the need to get closer to the comparable pay of other similar sized investment trusts and the current level of inflation. The basic NED salary was raised in 2022 by 4.7% and in 2023, by 6.1%, with the supplements for both audit chair and senior independent director remaining unchanged for the financial year under review and the financial year to 30 April 2024.

During the review of Directors' remuneration, a selection of peer comparisons and external reports including the Nurole Compensation Report and the Trust Associates 2022 Fee Review are considered. Consideration is also given to the rise in inflation and the retail price index since the last change in Directors' fees and the increased level of input and responsibility the members of the Board have in relation to enhanced regulations and requirements. As a result, the Committee decided to implement the following increases with effect from 1 May 2023:

Chair

The annual fee for the Chair has been increased from to £55,000 to £63,600 pa. This is an increase of 15.6% year-on-year.

Directors

The annual fee for a non-executive Director has been increased from £33,000 to £35,000 pa, representing a 6.1% increase. Directors' fees for the year ending 30 April 2023, in respect of the current board members, after taking account of the retirement of the previous Chair, are expected to total £249,800. The maximum aggregate amount provided for in the Company's Articles of Association (the Articles), Article 99 is £300,000.

The Board remains committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Remuneration Committee in the annual review of Directors' fees. No such views have been received from shareholders.

The Directors did not participate in discussions on the fees applicable to their own roles.

Senior Independent Director and Chair of Audit Committee

The supplements for the Senior Independent Director and Chair of the Audit Committee remained unchanged at £4,200 and £7,000 respectively.

Other Fees and Incentives

As the Company is an investment trust it has no executive Directors or employees and as all the Directors are non-executive, it is considered inappropriate to have any long term incentive schemes. The fees are not specifically related to the Directors' performance, either individually or collectively.

The Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings. In certain circumstances, under HMRC rules, travel and other out of pocket expenses reimbursed to the Directors may be considered as taxable benefits.

The taxable expenses, for example, comprise of expenses incurred by the Directors attending Board and other meetings held in London. Such expenses are paid to the Directors grossed up for taxation and shown in the taxable column of the Directors remuneration table.

Letters of Appointment

In accordance with recommended practice, the Directors do not have service agreements but instead each Director has received a letter setting out the terms of their appointment under which they provide their services to the Company. A Director may resign by giving one month's notice in writing to the Board at any time. The Directors are not entitled to payment for loss of office.

A sample equivalent to the Directors' Letter of Appointment is available on the Company's website.

In accordance with the Articles, any new Director is required to stand for election at the first AGM following their appointment, and in accordance with good corporate governance practice all Directors stand for re-election by shareholders every year thereafter.

Directors' And Officers' Liability Insurance / Indemnity

Directors' and officers' liability insurance is held by the Company in respect of the Directors. The Company has, to the extent permitted by law and the Company's Articles, provided each Director with a Deed of Indemnity which, subject to the provisions of the Articles and s234 of the Companies Act 2006 'qualifying third party indemnity provisions', indemnifies the Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their position as Directors (excluding criminal and regulatory penalties). Directors' legal costs may be funded up-front provided they reimburse the Company if the individual is convicted or, in an action brought by the Company, judgement is given against them. These provisions were in force during the year and remain in force.

Remuneration Implementation Report

Remuneration Paid In The Year Ended 30 April 2023 (Audited)

The fees payable in respect of each of the Directors were as follows:

	Year ended 30 April 2023			Year ended 30 April 2022		
Director	Fixed fee	Taxable expenses[1]	Total Remuneration	Fixed fee	Taxable expenses[1]	Total Remuneration
Catherine Cripps (appointed as Chair with effect from 8 Sep 2022 and to the Board on 6 Sep 2021)	£47,737	-	£47,737	£20,677	-	£20,677
Sarah Bates (retired as Chair and from the Board on 8 Sep 2022)	£19,603	-	£19,603	£50,000	-	£50,000
Charlotta Ginman (Chair of the Audit Committee)	£40,000	-	£40,000	£38,500	-	£38,500
Tim Cruttenden (Senior Independent Director)	£37,200	-	£37,200	£35,700	-	£35,700
Charles Park	£33,000	-	£33,000	£31,500	-	£31,500
Stephen White	£33,000	-	£33,000	£31,500	-	£31,500
Jane Pearce	£33,000	£3,004	£36,004	£20,677	£777	£21,454
Total	£243,540	£3,004	£246,544	£228,554	£777	£229,331

Note 1: Taxable travel and subsistence expenses incurred in attending Board and Committee meetings. With effect from 1 May 2022, the amounts disclosed are the grossed figures and includes grossed elements from prior year end.

Directors' Remuneration Report continued

No pension contributions or other remuneration or compensation was paid or payable by the Company during the year to any of the Directors. Consequently, the figures shown above comprise the single total remuneration figure for each Director.

The table below contains the annual percentage change in remuneration in the five financial years prior to the current year in respect of each Director:

Fee Rates	Year to 30 April 2019	Year to 30 April 2020	Year to 30 April 2021	Year to 30 April 2022	Year to 30 April 2023	Year ahead from 1 May 2023
Chair	£43,000	£44,300	£46,500	£50,000	£55,000	£63,600
	+3.6%	+3.0%	+5.0%	+7.5%	+10.0%	+15.6%
Directors' fees	£27,600	£28,400	£30,000	£31,500	£33,000	£35,000
	+3.0%	+2.9%	+5.6%	+5.0%	+4.7%	+6.1%
Additional fees:						
Chair of Audit Committee	£3,600	£5,000	£6,000	£7,000	£7,000	£7,000
	+2.9%	+38.9%	+20.0%	+16.6%	0.0%	0.0%
Senior Independent Director	£3,600	£3,700	£4,000	£4,200	£4,200	£4,200
	+2.9%	+2.8%	+8.1%	+5.0%	0.0%	0.0%

Directors' Share Interests (Audited)

Neither the Company's Articles nor the Directors' letters of appointment require Directors to hold shares in the Company.

The interests in the ordinary shares of the Company of the Directors in office at 30 April 2022 and 30 April 2023 are as follows:

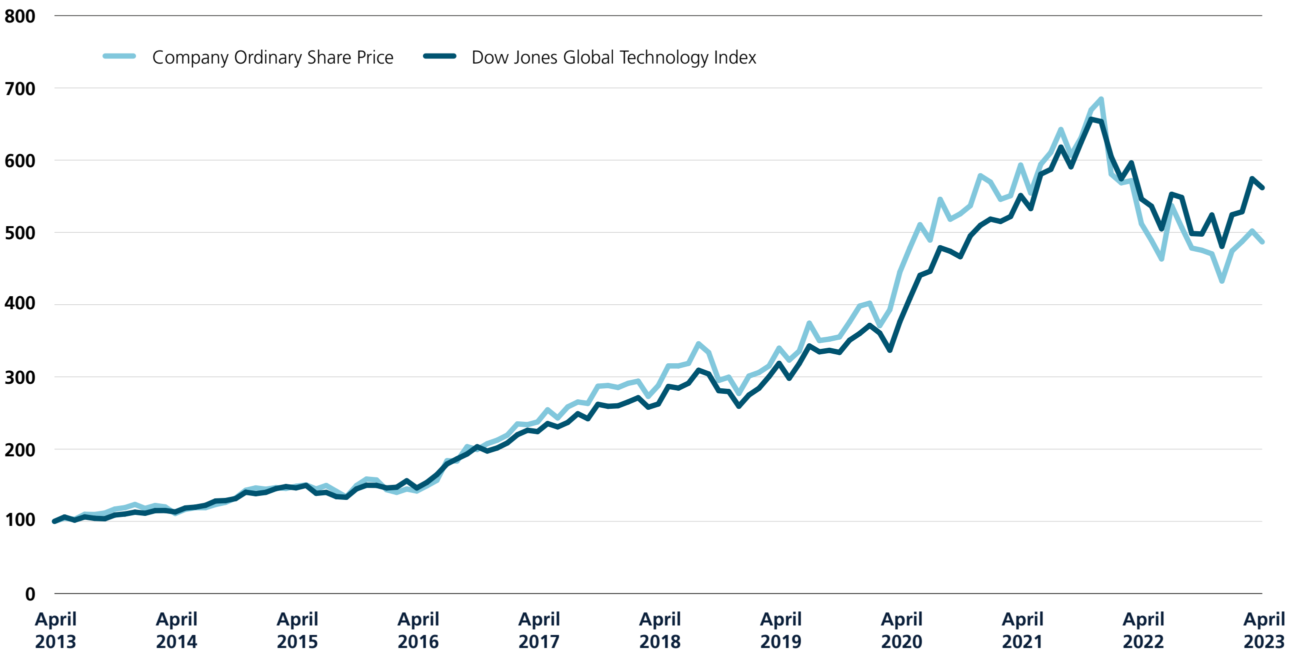
Ordinary Shares	30 April 2023	30 April 2022
Catherine Cripps	481	-
Tim Cruttenden	1,000	1,000
Charlotta Ginman	4,941	4,941
Charles Park	1,840	1,840
Stephen White	10,000	10,000
Jane Pearce	930	-
Sarah Bates (Chair)*	N/A	10,500

*retired 8 September 2022

There have been no changes in these interests between the end of the financial year and 13 July 2023.

Performance

The Large and Medium-Sized Companies and Groups (Accounts and Reports) (amendment) Regulations 2013, (Schedule 8, Part 3 (18, 4(c))) require a line graph to be included in the Directors' Remuneration Report showing the total shareholder return for each of the financial years in the relevant period, being the five financial years with the last being the period under review. Each subsequent annual graph is required to increase by one year until the maximum relevant period of ten years is reached; thereafter the relevant period will continue to be ten years. The Dow Jones Global Technology Index is shown because, as a market capitalisation weighted index based on the entire global technology sector, it is the most relevant benchmark.



Relative Importance Of Spend On Pay

Under the Regulations (Schedule 8, Part 3 (20)), the Directors' Remuneration Report must show a comparison of all remuneration paid to employees to all distributions (including dividends and share buy backs) paid to shareholders for the current year, preceding year and the difference between those years. This is to assist the Directors in understanding the relative importance of spend on pay.

The Company has no employees and while the Directors do not consider that the comparison of Directors' remuneration with distributions to shareholders is a meaningful measure of the Company's overall performance, for comparison purposes the table below compares Directors' fees with the level of dividends paid, profit after tax and the cost of share buy backs undertaken by the Company.

			Change	
	2023 £'000	2022 £'000	£'000	%
Directors' total remuneration*	247	229	18	8%
Dividends paid or declared in respect of the financial year	–	–	–	–
Net loss for the year and total comprehensive expense	(105,182)	(258,646)	153,464	59%
Ordinary shares repurchased into treasury	117,662	99,132	18,530	19%

* Increase relates to Directors' fee increase from 1 May 2022, and Catherine Cripps assuming the role of Chair following the retirement of Sarah Bates in September 2022.

Tim Cruttenden
Senior Independent Director and Chair of the Remuneration Committee

18 July 2023

Report of the Nomination Committee

Catherine Cripps
Chair of the Nomination Committee

The Nomination Committee ("the Committee") is chaired by Catherine Cripps and comprises all the independent non-executive Directors. The Committee has written terms of reference, which are available to view on the Company's website, www.polarcapitaltechnologytrust.co.uk. The terms of reference clearly define the Committee's responsibilities and duties.

The Committee meets at least annually and is responsible to the Board for the size, structure and composition of the Board as well as for succession planning and the tenure policies for the Chair and Directors.

Meetings and Work Undertaken

During the financial year ended 30 April 2023 the Nomination Committee met once and considered the following:

Board Evaluation

The Committee is also responsible for coordinating the evaluation of the Board and considering the conclusions from that review. Evaluation of the Board, individual Directors and the committees is undertaken annually. The evaluation undertaken in 2022-2023 was self-administered and incorporated completion of questionnaires, culminating in written reports being provided to the Committee and the Board.

The evaluation process was also used by the Committee to carefully review and rigorously assess the contribution of each Director and their independence. The performance review of the Chair was also carried out by the Committee, led by the SID. Each year, the evaluation outcomes are reviewed by the Board as a whole and, should it be deemed necessary, additional reporting measures or operations are put in place.

The evaluation process considers the balance of skills, experience, knowledge and independence on the Board. Consideration is also given to its diversity and other factors which contribute to the effectiveness of the Board, including how the Directors interact as a unit. The Committee has determined that each of the Directors standing for re-election continued to offer relevant experience, effectively contributed to the operation of the Board and had demonstrated independent views on a range of subjects. The Committee is satisfied that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company.

The last externally facilitated evaluation was carried out in 2022 by Stephenson Executive Search, an independent external Board Evaluator, with no other connection to the Company or individual Directors. External evaluations have been completed every three years whilst the Company has been a constituent of the FTSE 350, the next externally administered Board Evaluation will be carried out in 2025 unless it is deemed to be required earlier.

Succession

The Board believes that retaining Directors with sufficient experience of the Company, investment industry and financial markets is of benefit to shareholders while recognising that regular refreshment of approach is equally of benefit and importance. The Board does not consider that the length of a Director's tenure, in isolation, reduces his or her ability to act independently. The Board believes that continuity and experience add significantly to the strength of the Board. Directors will ordinarily retire from the Board at the AGM following nine-years of service.

As reported in last year's Annual Report, the Nomination Committee carried out a phased recruitment process commencing with the recruitment of a new non-executive Director to succeed Charlotta Ginman as Audit Chair in 2024. Jane Pearce and I, were appointed as non-executive Directors on 6 September 2021. During the recruitment process, a long list of suitably qualified candidates was considered followed by interviews of shortlisted candidates with the Board. Charlotta Ginman will step down as Chair of the Audit Committee on 31 October 2023 and will be succeeded by Jane Pearce; it is anticipated that Charlotta will remain on the Board until stepping down at the AGM to be held in 2024.

Board Recruitment

Ahead of any recruitment process, the Nominations Committee on behalf of the Board, will engage with selected recruitment firms interested in working with the Board to appoint the next non-executive director. A detailed role specification is compiled and presented to the selected recruitment agent who will then source candidates for consideration. Following a review of a prepared long-list of candidates, the Nominations Committee will select a short list of candidates for interview; selection is based on candidates' fulfilment of required skill sets, taking into account board dynamics and board fit and the wider diversity criteria. Following a series of interviews, the selected candidate will be offered the opportunity to join the board on equal terms to the existing non-executive directors. As detailed on page 78, the Board notes the expectations of the FCA diversity and inclusion policy and ensures this is factored into any recruitment process.

Chair Tenure Policy

As referenced in the succession section above, it is the Board's view that in the circumstances of an investment company, where corporate knowledge and continuity can add value, there may be merit in appointing one of its members to the Chair. In addition, there may be circumstances where succession plans are disrupted such that an internal candidate with some years' existing experience is the most appropriate candidate for the Chair. In other circumstances an external candidate may be more appropriate. The Board supports the best practice of Directors remaining on the Board for no-longer than 9-years but acknowledges that in exceptional circumstances the Chair may remain on the Board for up to 12-years.

Committee Evaluation

The activities of the Nomination Committee were considered as part of the annual Board evaluation process. This year, an internal evaluation was completed and the findings of the evaluation processes were positive with no matters of concern to report.

Catherine Cripps
Chair of the Nomination Committee

18 July 2023

Management Engagement Committee Report

Catherine Cripps
Chair of the Management Engagement Committee

The Management Engagement Committee ("the Committee") is chaired by Catherine Cripps and comprises all the independent non-executive Directors. The Committee has written terms of reference, which are available to view on the Company's website, www.polarcapitaltechnologytrust.co.uk. The terms of reference clearly define the Committee's responsibilities and duties.

The Committee meets at least twice a year and is responsible for reviewing the performance of the Investment Manager along with the Company's other service providers. The Committee is also responsible for keeping under review the terms of the Investment Management Agreement ('IMA') and the Manager's appointment as AIFM.

Performance Evaluation Process

Investment Manager

During the financial year ended 30 April 2023, the Committee met twice to consider the relationship with and, the services provided by the Investment Manager. In addition, the Committee reviewed the terms of the IMA including the level and structure of management and performance fee paid or payable to the Investment Manager, making relevant recommendations to the Board when appropriate.

As referenced in the Strategic Report and detailed in the Notes to the Financial Statements, the Board keeps the fee arrangements with Polar Capital LLP under review and considers any recommendations of the Committee. The Committee reflected on the changes made to the fee arrangements which took effect on 1 May 2022 and confirmed that the next full review would take place in 2024 and any negotiated changes would come into effect from 1 May 2025; the Board is however at liberty to review the fees at any time should they deem it appropriate and in the best interests of shareholders to do so. Further details on the Management fee structure can be found on page 58 of the Strategic Report. There were no changes to the performance fee arrangements which were last reviewed for the financial year beginning 1 May 2019.

The Committee has reviewed the performance of the Investment Manager in managing the portfolio over the longer-term. The review also considered the quality of the other services provided, including the strength of the investment team, the depth of the other services provided and the resources available to provide such services. The Board reflected on the positive impact from the continued recruitment into various teams at the Investment Manager to support the Company, which includes the investment team, marketing, administration, and the organisation on the Company's behalf of third party suppliers, and the quality of the shareholder communications.

Following review, the Committee concluded that it is in the best interests of shareholders as a whole that the appointment of Polar Capital LLP as Investment Manager is continued on the terms agreed on 12 April 2019.

Other Suppliers

The Board also monitors directly or through the Investment Manager the performance of its other key service providers.

- The Board has directly appointed HSBC Bank Plc as Depositary and Stifel Nicolaus as Corporate Broker. The Depositary reports quarterly and makes an annual presentation to the Board. The Corporate Broker provides reports to the Board periodically and joins the Board on request to discuss markets and other issues.
- The Registrar, Equiniti Limited, is directly appointed by the Board and the performance of its duties is monitored by the Company Secretary.
- Other suppliers such as printers, website designers and PR agents are monitored by the Company Secretary and each supplier reports to the Board as and when deemed necessary.

Committee Evaluation

The activities of the Management Engagement Committee were considered as part of the annual Board evaluation process. This year, an internal evaluation was completed and the findings of the evaluation processes were positive with no matters of concern or requirements for change were highlighted.

Catherine Cripps
Chair of the Management Engagement Committee

18 July 2023

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Report and Financial Statements

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy

Catherine Cripps
Chair

18 July 2023

Independent Auditor's Report

to the members of Polar Capital Technology Trust plc

1. Our opinion is unmodified

We have audited the financial statements of Polar Capital Technology Trust plc ("the Company") for the year ended 30 April 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

– give a true and fair view of the state of the Company's affairs as at 30 April 2023 and of its loss for the year then ended;

– have been properly prepared in accordance with UK adopted international accounting standards; and

– have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 7 September 2017. The period of total uninterrupted engagement is for the six financial years ended 30 April 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview	
Materiality: Financial statements as a whole	£29.0m (2022:£31.6m) 1% (2022: 1%) of Total Assets

Key audit matter		vs 2022
Recurring risk	Carrying amount of level 1 investments	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2022), in arriving at our audit opinion above, together with our key audit procedures to address this matter and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. This matter was addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of level 1 investments (£2,641m; 2022: £2,817m) Refer to page 81 (Audit Committee Report), pages 105 and 106 (accounting policy) and pages 112 and 113 (financial disclosures).	**Low risk, high value:** The Company's portfolio of level 1 investments makes up 91% (2022: 89%) of the Company's total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, level 1 investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the detailed tests below rather than seeking to rely on any of the Company's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Our procedures included: – **Test of detail:** Agreed the valuation of 100% of level 1 investments in the portfolio to externally quoted prices; and – **Enquiry of custodians:** Agreed 100% of level 1 investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our findings** – We found no differences (2022: no differences) from the holdings confirmations nor from the externally quoted prices of a size to require reporting to the Audit Committee.

3. Our application of materiality and an overview of the scope of our audit

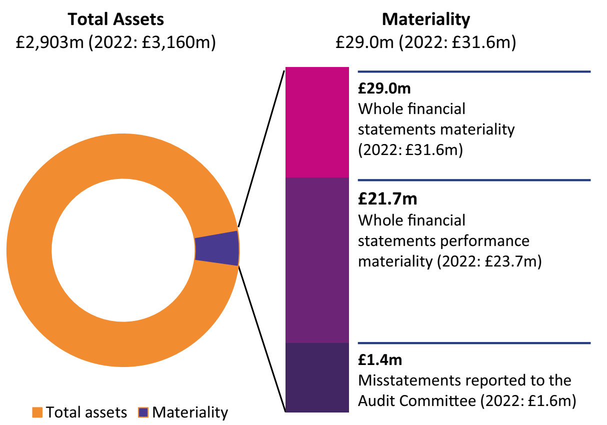
Materiality for the financial statements as a whole was set at £29.0m (2022: £31.6m), determined with reference to a benchmark of total assets, of which it represents 1% (2022: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £21.7m (2022: £23.7m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.4m (2022: £1.6m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.

The scope of the audit work was fully substantive as we did not rely upon the Company's internal control over financial reporting.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and metrics relevant to debt covenants over this period were:

- the impact of a significant reduction in the valuation of investments and the implications for the Company's debt covenants;
- the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
- the operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and liquid investment position (a reverse stress test).

We considered whether the going concern disclosure in note 2(A) to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;

Independent Auditor's Report continued

- we have nothing material to add or draw attention to in relation to the Directors' statement in note 2(A) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2(A) to be acceptable; and
- the related statement under the Listing Rules set out on page 60 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board and Audit Committee minutes;
- assessing the segregation of duties in place between the Directors, the Administrator and the Company's investment manager, and

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and a sample of journal entries made at the end of the reporting period. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Investment Manager and the Administrator (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Principal Risks and Uncertainties disclosure on page 62 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- The Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 59 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Independent Auditor's Report continued

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 93, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities. .

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Merchant (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

18 July 2023

Financial Statements

Statement of Comprehensive Income

For the year ended 30 April 2023

		Year ended 30 April 2023			Year ended 30 April 2022		
	Notes	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	16,160	42	16,202	15,870	-	15,870
Other operating income	4	3,820	-	3,820	31	-	31
Losses on investments held at fair value	5	-	(106,807)	(106,807)	-	(253,694)	(253,694)
Gains/(losses) on derivatives	6	-	34	34	-	(5,799)	(5,799)
Other currency gains	7	-	8,409	8,409	-	17,535	17,535
Total income		19,980	(98,322)	(78,342)	15,901	(241,958)	(226,057)
Expenses							
Investment management fee	8	(21,918)	-	(21,918)	(28,281)	-	(28,281)
Other administrative expenses	9	(1,176)	-	(1,176)	(1,335)	-	(1,335)
Total expenses		(23,094)	-	(23,094)	(29,616)	-	(29,616)
Loss before finance costs and tax		(3,114)	(98,322)	(101,436)	(13,715)	(241,958)	(255,673)
Finance costs	10	(1,598)	-	(1,598)	(973)	-	(973)
Loss before tax		(4,712)	(98,322)	(103,034)	(14,688)	(241,958)	(256,646)
Tax	11	(2,148)	-	(2,148)	(2,000)	-	(2,000)
Net loss for the year and total comprehensive expense		(6,860)	(98,322)	(105,182)	(16,688)	(241,958)	(258,646)
Loss per share (basic and diluted) (pence)	12	(5.30)	(75.98)	(81.28)	(12.36)	(179.25)	(191.61)

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with UK-adopted International Accounting Standards.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the AIC.

All items in the above statement derive from continuing operations.

The Company does not have any other comprehensive income.

The notes on pages 104 to 125 form part of these Financial Statements.

Statement of Changes in Equity

For the year ended 30 April 2023

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distrib-utable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2021		34,329	12,802	223,374	7,536	3,240,833	(110,111)	3,408,763
Total comprehensive expense:								
Loss for the year to 30 April 2022		-	-	-	-	(241,958)	(16,688)	(258,646)
Transactions with owners, recorded directly to equity:								
Ordinary shares repurchased into treasury	18, 22	-	-	-	-	(99,132)	-	(99,132)
Total equity at 30 April 2022		34,329	12,802	223,374	7,536	2,899,743	(126,799)	3,050,985
Total comprehensive expense:								
Loss for the year to 30 April 2023		-	-	-	-	(98,322)	(6,860)	(105,182)
Transactions with owners, recorded directly to equity:								
Ordinary shares repurchased into treasury	18, 22	-	-	-	-	(117,662)	-	(117,662)
Total equity at 30 April 2023		34,329	12,802	223,374	7,536	2,683,759	(133,659)	2,828,141

The notes on pages 104 to 125 form part of these Financial Statements.

Balance Sheet

As at 30 April 2023

	Notes	30 April 2023 £'000	30 April 2022 £'000
Non current assets			
Investments held at fair value through profit or loss	13	2,640,177	2,811,080
Current assets			
Receivables	14	20,605	31,096
Overseas tax recoverable		379	286
Cash and cash equivalents	15	239,096	311,363
Derivative financial instruments	13	2,571	6,479
		262,651	349,224
Total assets		2,902,828	3,160,304
Current liabilities			
Payables	16	(23,842)	(57,284)
Bank loans	17	-	(52,035)
		(23,842)	(109,319)
Non current liabilities			
Bank loans	17	(50,845)	-
Net assets		2,828,141	3,050,985
Equity attributable to equity shareholders			
Share capital	18	34,329	34,329
Capital redemption reserve	19	12,802	12,802
Share premium	20	223,374	223,374
Special non-distributable reserve	21	7,536	7,536
Capital reserves	22	2,683,759	2,899,743
Revenue reserve	23	(133,659)	(126,799)
Total equity		2,828,141	3,050,985
Net asset value per ordinary share (pence)	25	2239.48	2305.13

The Financial Statements, on pages 100 to 125 , were approved and authorised for issue by the Board of Directors on 18 July 2023 and signed on its behalf by:

Catherine Cripps
Chair

The notes on pages 104 to 125 form part of these Financial Statements

Registered number 3224867

Cash Flow Statement

For the year ended 30 April 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss before tax		(103,034)	(256,646)
Adjustments			
Losses on investments held at fair value through profit or loss	5	106,807	253,694
(Gains)/losses on derivative financial instruments	6	(34)	5,799
Proceeds of disposal on investments		2,311,861	2,822,328
Purchases of investments		(2,266,936)	(2,618,737)
Proceeds on disposal of derivative financial instruments	13	46,536	39,006
Purchases of derivative financial instruments	13	(42,594)	(47,194)
Increase in receivables		(472)	(64)
Decrease in payables*		(4,580)	(401)
Finance costs*		1,598	973
Overseas tax		(2,241)	(2,124)
Foreign exchange gains	7	(8,409)	(17,535)
Net cash generated from operating activities		38,502	179,099
Cash flows from financing activities			
Finance costs paid*		(1,539)	(927)
Ordinary shares repurchased into treasury		(116,449)	(98,001)
Net cash used in financing activities		(117,988)	(98,928)
Net (decrease)/increase in cash and cash equivalents		(79,486)	80,171
Cash and cash equivalents at the beginning of the year		311,363	212,732
Effect of movement in foreign exchange rates on cash held	7	7,219	18,460
Cash and cash equivalents at the end of the year	15	239,096	311,363

Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:

	Notes	2023 £'000	2022 £'000
Cash held at bank and derivative clearing houses	15	148,682	219,403
BlackRock's Institutional Cash Series plc (US Treasury Fund), money market fund	15	90,414	91,960
Cash and cash equivalents at the end of the year	15	239,096	311,363

* The finance costs paid which were previously included in the cash flows from operating activities in the year 2022 have been re-presented as a cash flow from financing activities to align with the current year presentation.

The notes on pages 104 to 125 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 30 April 2023

1 General Information

Polar Capital Technology Trust plc is a public limited company registered in England and Wales whose shares are traded on the London Stock Exchange.

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158/1159 of the Corporation Tax Act 2010 and its investment approach is detailed in the Strategic Report.

The Company's Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

The Company's presentational currency is Pounds Sterling. All figures are rounded to the nearest thousand pounds (£'000) except as otherwise stated.

2 Accounting Policies

The principal accounting policies, which have been applied consistently for all years presented are set out below:

(A) Basis of Preparation

The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the inclusion of investments and derivative financial instruments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in July 2022 is consistent with the requirements of UK-adopted IAS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The financial position of the Company as at 30 April 2023 is shown in the balance sheet on page 102. As at 30 April 2023 the Company's total assets exceeded its total liabilities by a multiple of over 37. The assets of the Company consist mainly of securities that are held in accordance with the Company's Investment Policy, as set out on page 54 and these securities are readily realisable. The Company has two, two-year fixed rate term loans with ING Bank N.V. both of which fall due for repayment on 30 September 2024. The Directors have considered a detailed assessment of the Company's ability to meet its liabilities as they fall due. The assessment took account of the Company's current financial position, its cash flows and its liquidity position. In addition, the Company's cash flows were stressed tested for base case and reasonable worse case scenarios such as higher inflation and interest rate increases. In light of the results of these tests, the Company's cash balances, and the liquidity position, the Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for at least 12 months. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Company's Financial Statements.

(B) Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The results presented in the revenue return column is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Taxes Act 2010.

(C) Income

Dividends receivable from equity shares are taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items.

The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of the cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

Unfranked income includes the taxes deducted at source.

Bank interest, money market fund interest and other income receivable are accounted for on an accruals basis and is recognised in the period in which it was earned.

Interest outstanding at the year end is calculated on a time apportioned basis using the market rates of interest.

(D) Expenses and Finance Costs

All expenses, including finance costs, are accounted for on an accruals basis.

All indirect expenses have been presented as revenue items per the non-allocation method except as follows:

- any performance fees payable are allocated wholly to capital, reflecting the fact that, although they are calculated on a total return basis, they are expected to be attributable largely, if not wholly, to capital performance.
- transaction costs incurred on the acquisition or disposal of investments are expensed either as part of the unrealised gain/loss on investments (for acquisition costs) or as a deduction from the proceeds of sale (for disposal costs).

Finance costs are calculated using the effective interest rate method and are accounted for on an accruals basis.

(E) Taxation

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(F) Investments Held at Fair Value Through Profit or loss

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date and are initially measured at fair value.

On initial recognition the Company has designated all of its investments as held at fair value through profit or loss as defined by UK-adopted IAS.

Notes to the Financial Statements continued

All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or OEICs are valued at the closing price, the bid price or the single price as appropriate, as released by the relevant investment manager.

Fair values for unquoted investments, or for investments for which there is only an inactive market, are established by using various valuation techniques. These may include recent arms length market transactions, the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment.

Changes in fair value of all investments held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

(G) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value (amortised cost) as reduced by appropriate allowances for estimated irrecoverable amounts.

(H) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash.

The Company's investment in BlackRock's Institutional Cash Series plc – US Treasury Fund of £90,414,000 (2022: £91,960,000) is managed as part of the Company's cash and cash equivalents as defined under IAS 7.

In the Balance Sheet bank overdrafts are shown within current liabilities.

(I) Payables

Payables are initially recognised at fair value and subsequently measured at amortised cost. Payables are not interest-bearing and are stated at their nominal value (amortised cost).

(J) Bank Loans

Interest bearing bank loans are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost. The amounts falling due for repayment within one year are included under current liabilities in the Balance Sheet.

(K) Derivative Financial Instruments

The Company's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Derivative transactions which the Company may enter into comprise forward exchange contracts, the purpose of which is to manage the currency risks arising from the Company's investing activities, quoted options on shares held within the portfolio, or on indices appropriate to sections of the portfolio, the purpose of which is to provide additional capital return.

The use of financial derivatives is governed by the Company's policies as approved by the Board, which has set written principles for the use of financial derivatives.

A derivative instrument is considered to be used for hedging purposes when it alters the market risk profile of an existing underlying exposure of the Company. The use of financial derivatives by the Company does not qualify for hedge accounting under UK-adopted IAS. As a result, changes in the fair value of derivative instruments are recognised in the Statement of Comprehensive Income as they arise. If capital in nature, associated change in value is presented in the capital return column of the Statement of Comprehensive Income.

(L) Rates of Exchange

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into Sterling at the rates of exchange ruling on that date. Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(M) Share Capital

Represents the nominal value of authorised and allocated, called-up and fully paid shares issued.

(N) Capital Reserves

Capital reserves - gains/losses on disposal includes:

– gains/losses on disposal of investments

– exchange differences on currency balances and on settlement of loan balances

– cost of own shares bought back

– other capital charges and credits charged to this account in accordance with the accounting policies above

Capital reserve - revaluation on investments held includes:

– increases and decreases in the valuation of investments and loans held at the year end.

All of the above are accounted for in the Statement of Comprehensive Income except the cost of own shares bought back or issued which are accounted for in the Statement of Changes in Equity.

(O) Repurchase of Ordinary Shares (including those held in treasury)

Where applicable, the costs of repurchasing ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the capital reserve. Share repurchase transactions are accounted for on a trade date basis.

The nominal value of ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

Where shares are repurchased and held in treasury, the transfer to capital redemption reserve is made if and when such shares are subsequently cancelled.

(P) Share issue costs

Costs incurred directly in relation to the issue of new shares together with additional share listing costs have been deducted from the share premium reserve.

(Q) Segmental Reporting

Under IFRS 8, 'Operating Segments', operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Manager (with oversight from the Board).

The Board is of the opinion that the Company is engaged in a single segment of business, namely by investing in a diversified portfolio of technology companies from around the world in accordance with the Company's Investment Objective, and consequently no segmental analysis is provided.

In line with IFRS 8, additional disclosure by geographical segment has been provided in Note 26.

Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

Notes to the Financial Statements continued

(R) Key Estimates and Assumptions

Estimates and assumptions used in preparing the Financial Statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The majority of the Company's investments are in US Dollars, the level of which varies from time to time. The Board considers the functional and reporting currency to be Sterling. In arriving at this conclusion the Board considered that Sterling is most relevant to the majority of the Company's Shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid and the Company's shares are denominated in Sterling.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments and investments for which there is an inactive market. These are valued in accordance with the techniques set out in Note 2(f). At the year end, there was no unquoted investments (2022: same).

(S) New and revised accounting Standards

There were no new UK-adopted IAS or amendments to UK-adopted IAS applicable to the current year which had any significant impact on the Company's Financial Statements.

i) There were no relevant standards became effective for the current annual reporting period that potentially impact the Company are in issue.

ii) At the date of authorisation of the Company's Financial Statements, the following relevant standards that potentially impact the Company are in issue but are not yet effective and have not been applied in the Financial Statements:

Standards & Interpretations		Effective for periods commencing on or after
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Requirement amended to disclose material accounting policies instead of significant accounting policies and provided guidance in making materiality judgements to accounting policy disclosure.	1 January 2023
Definition of Accounting Estimates (amendments to IAS 8)	Introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policy.	1 January 2023

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the Financial Statements of the Company in future periods.

3 Investment income

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue:		
Overseas dividend income	16,160	15,870
	16,160	15,870
Capital:		
Special dividends allocated to capital	42	-

All investment income is derived from listed investments.

Included within income from investments is £350,000 (2022: £172,000) of special dividends classified as revenue in nature in accordance with note 2 (c). £42,000 of special dividend has been recognised in capital as the dividend paid out of the proceeds from a disposal of an overseas investments (2022: nil).

4 Other operating income

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Bank interest	1,478	4
Money market fund interest	2,342	27
	3,820	31

5 Losses on investments held at fair value

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Net (losses)/gains on disposal of investments at historic cost	(130,861)	232,360
Transfer on disposal of investments	(59,647)	(353,508)
Losses on disposal of investments based on carrying value at previous balance sheet date	(190,508)	(121,148)
Valuation gains/(losses) on investments held during the year	83,701	(132,546)
	(106,807)	(253,694)

6 Gains/(losses) on derivatives

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Gains/(losses) on disposal of derivatives held	5,019	(10,212)
(Losses)/gains on revaluation of derivatives held	(4,985)	4,413
	34	(5,799)

The derivative financial instruments represent the call and put options, which are used for the purpose of efficient portfolio management. Refer to page 112 for further details.

7 Other currency gains

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Exchange gains on currency balances	7,219	18,460
Exchange losses on settlement of loan balances	(507)	-
Exchange gains/(losses) on translation of loan balances	1,697	(925)
	8,409	17,535

8 Investment management and performance fee

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Investment management fee paid to Polar Capital (charged wholly to revenue)	21,918	28,281
Performance fee paid to Polar Capital (charged wholly to capital)	-	-

There was no performance payable in respect of the year nor outstanding at the year end (2022:same).

The basis for calculating the investment management and performance fees are set out in the Strategic Report on page 58 and details of all amounts payable to the Manager are given in Note 24 on page 117.

Notes to the Financial Statements continued

As a result of the current fee arrangements which came into force on 1 May 2022, the management fee in 2023 is calculated on the reduced rates and daily net asset value, as such has subsequently decreased compared to the previous year. Details of the Investment Management Agreement are disclosed in the Strategic Report on page 58.

9 Other administrative expenses

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Directors' fees and expenses[1]	247	229
National insurance contributions	26	24
Depositary fee[2]	192	233
Registrar fee	54	51
Custody and other bank charges[3]	267	358
UKLA and LSE listing fees[4]	204	190
Legal & professional fees and other financial services	16	4
AIC fees	21	21
Auditors' remuneration - for audit of the financial Statements	63	45
Directors' and officers' liability insurance	38	23
AGM expenses[5]	6	31
Corporate brokers' fee[6]	-	-
Shareholder communications[7]	38	82
Other expenses	4	44
	1,176	1,335

1 Full disclosure is given in the Directors' Remuneration Report on page 85.

2 Depositary fee is based on the value of the net assets. The daily average net asset value decreased by 19.3% compared to the previous year.

3 Custody fees are based on the value of the assets and geographical activity and determined on the pre-approved rate card with HSBC.

4 Fees are based on the market capitalisation of the Company which has risen over the last invoice period.

5 Reduced 2023 AGM expenses mainly due to the removal of Lumi online hybrid AGM option.

6 2022/2023 annual fee was offset by the commission credit on shares repurchases.

7 Includes reversal of prior year over accruals in this period.

10 Finance costs

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Interest on loans and overdrafts	1,514	973
Loan arrangement and facility fees	84	-
	1,598	973

11 Taxation

a) Analysis of tax charge for the year:	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Overseas tax	2,148	2,000
Total tax for the year (see Note 11b)	2,148	2,000

b) Factors affecting tax charge for the year:

The charge for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:

Loss before tax	(103,034)	(256,646)
Tax at the UK corporation effective tax rate of 19.5% (2022: 19%)	(20,092)	(48,763)
Tax effect of non-taxable dividends	(3,159)	(3,015)
Tax effect of losses on investments that are not taxable	19,181	45,972
Unrelieved current year expenses and deficits	4,070	5,806
Overseas tax suffered	2,148	2,000
Total tax for the year (see Note 11a)	2,148	2,000

c) Factors that may affect future tax charges:

There is an unrecognised deferred tax asset comprising:

Unrelieved management expenses	66,998	61,780
Non-trading loan relationship deficits	1,807	1,807
	68,805	63,587

The deferred tax asset is based on a corporation tax rate of 25% (2022: 25%).

The Company has an unrecognised deferred tax asset of £66,998,000 (2022: £61,780,000) arising from surplus management expenses of £267,992,000 (2022: £247,120,000) and unrecognised deferred tax asset of £1,807,000 (2022: £1,807,000) arising from non-trade loan relationship deficits of £7,227,000 (2022: £7,227,000) based on a corporation tax rate of 25% (2022: 25%). In its 2021 budget, the government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023. This deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to maintain approval of such status in the foreseeable future, the Company has not provided tax on any capital gains arising on the revaluation or disposal of investments held by the Company.

12 Loss per ordinary share

	Year ended 30 April 2023			Year ended 30 April 2022		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic loss per share is based on the following data:						
Net loss for the year (£'000)	(6,860)	(98,322)	(105,182)	(16,688)	(241,958)	(258,646)
Weighted average ordinary shares in issue during the year	129,409,889	129,409,889	129,409,889	134,984,460	134,984,460	134,984,460
From continuing operations						
Basic - loss per ordinary share (pence)	(5.30)	(75.98)	(81.28)	(12.36)	(179.25)	(191.61)

As at 30 April 2023 there are no potentially dilutive shares in issue and the earnings per share therefore equate to those shown above (2022: there was no dilution).

Notes to the Financial Statements continued

13 Investments held at fair value through profit or loss

i) Investments held at fair value through profit or loss

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Opening book cost	2,253,434	2,199,334
Opening investment holding gains	557,646	1,043,700
Opening fair value	2,811,080	3,243,034
Analysis of transactions made during the year		
Purchases at cost	2,236,802	2,639,004
Sales proceeds received	(2,300,898)	(2,817,264)
Losses on investments held at fair value	(106,807)	(253,694)
Closing fair value	2,640,177	2,811,080
Closing book cost	2,058,477	2,253,434
Closing investment holding gains	581,700	557,646
Closing fair value	2,640,177	2,811,080
Of which:		
Listed on a recognised Stock Exchange	2,640,177	2,811,080

The Company received £2,300,898,000 (2022: £2,817,264,000) from disposal of investments in the year. The book cost of these investments when they were purchased was £2,431,759,000 (2022: £2,584,904,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Included in additions at cost are purchase costs of £1,055,000 (2022: £1,005,000). Included in proceeds of disposals are sales costs of £1,231,000 (2022: £1,182,000). These costs primarily comprise commission.

ii) Changes in derivative financial instruments

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Valuation at 1 May	6,479	4,090
Additions at cost	42,594	47,194
Proceeds of disposal	(46,536)	(39,006)
Gains/(losses) on disposal	5,019	(10,212)
Valuation (losses)/gains	(4,985)	4,413
Valuation at 30 April	2,571	6,479

The derivative financial instruments represent the call and put options, which are used for the purpose of efficient portfolio management. As at 30 April 2023, the Company held NASDAQ 100 Stock Index put option and the market value of these open put option position was £1,559,000 (2022: NASDAQ 100 Stock Index put options with a market value of £6,431,000). The Company also held Microsoft Corp call options and the market value of these open call option position was £1,012,000 (2022: Apple Inc. call options with a market value of £48,000).

iii) Classification under Fair Value Hierarchy:

The table below sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies note on pages 105 and 106.

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Equity Investments and derivative financial instruments		
Level 1	2,641,189	2,817,559
Level 2	1,559	-
Level 3	-	-
	2,642,748	2,817,559

The NASDAQ 100 Stock Index put options held at the year ended 30 April 2023 have been classified as level 2 due to the absence of regular trading activity levels closer to the measurement date. All other options held at the current and prior year end have been classified as level 1.

There has been no further transfer between Levels 1, 2 and 3 during the year ended 30 April 2023.

iv) Unquoted investments

As at 30 April 2023, the portfolio comprised no unquoted investment (30 April 2022: same):

14 Receivables

	30 April 2023 £'000	30 April 2022 £'000
Sales for future settlement	18,352	29,315
Prepayments and accrued income	2,215	1,741
VAT recoverable	38	40
	20,605	31,096

The carrying values of other receivables approximate their fair value.

15 Cash and cash equivalents

	30 April 2023 £'000	30 April 2022 £'000
Cash at bank	148,682	211,940
Cash held at derivative clearing houses	-	7,463
Money market funds	90,414	91,960
Cash and cash equivalents	239,096	311,363

As at 30 April 2023, the Company held BlackRock's Institutional Cash Series plc – US Treasury Fund with a market value of £90,414,000 (30 April 2022: £91,960,000), which is managed as part of the Company's cash and cash equivalents as defined under IAS 7.

16 Payables

	30 April 2023 £'000	30 April 2022 £'000
Purchases for future settlement	19,285	49,419
Repurchase of ordinary shares awaiting settlement	2,344	1,131
Accruals	2,213	6,734
	23,842	57,284

The carrying values of other payables approximate their fair value.

Notes to the Financial Statements continued

17 Bank loans

i) Bank loans

	30 April 2023 £'000	30 April 2022 £'000
The Company has the following unsecured Japanese Yen and US Dollar loans:		
JPN¥3,800m at a rate of 0.9% repayable 30 September 2022	-	23,361
US$36m at a rate of 1.335% repayable 30 September 2022	-	28,674
JPN¥3,800m at a rate of 1.13% repayable 30 September 2024	22,203	-
US$36m at a rate of 5.43% repayable 30 September 2024	28,642	-
	50,845	52,035

The bank loans held at the year end are a Japanese Yen 3.8 billion and a US Dollar 36 million two-year fixed rate term loan with ING Bank N.V. The loans are unsecured but are subject to certain undertakings and restrictions, all of which have been complied with during the year. The carrying value of the loans approximates at their fair value. These loans are repayable on 30 September 2024.

The main covenants relating to the above loans are:

(i) Total borrowings shall not exceed 30% of the Company's net asset value

(ii) The Company's minimum net asset value shall be £400 million

(iii) The Company shall not change the Investment Manager without prior written consent of the lenders.

ii) Reconciliation of bank loans

	30 April 2023 £'000	30 April 2022 £'000
Bank loans held as at 30 April 2022	52,035	51,110
Term loan of JPN¥3,800m and US$36m under September 2020 facility expired in September 2022	(56,441)	-
Term loan of JPN¥3,800m and US$36m under September 2022 facility due to expire in September 2024	56,441	-
Exchange losses on settlement of loan balances	507	-
Effect of changes in foreign exchange rates on bank loans held	(1,697)	925
Bank loans held as at 30 April 2023	50,845	52,035

Both of the Japanese Yen 3.8 billion and US Dollar 36 million two-year fixed rate term loans expired on 30 September 2022, and were replaced with a Japanese Yen 3.8 billion and a US Dollar 36 million two-year fixed rate term loan with ING Bank N.V.

The movement in the liability arising from the bank loans due to changes in foreign exchange rates is a non-cash movement and is included in the Statement of Comprehensive Income within 'Other currency gains'.

18 Share capital

	30 April 2023 £'000	30 April 2022 £'000
Allotted, Called up and Fully paid:		
Ordinary shares of 25p each		
Opening balance of 132,356,426 (30 April 2022: 136,544,764)	33,089	34,136
Repurchase of 6,070,882 (30 April 2022: 4,188,338) ordinary shares into treasury	(1,518)	(1,047)
Allotted, called up and fully paid: 126,285,544 (30 April 2022: 132,356,426) ordinary shares of 25p	31,571	33,089
11,029,456 (2022: 4,958,574) ordinary shares held in treasury	2,758	1,240
At 30 April 2023	34,329	34,329

During the year, there were no ordinary shares issued to the market (2022: same). A total of 6,070,882 (2022: 4,188,338) ordinary shares were repurchased into treasury at a cost of £117,078,000 (2022: £98,639,000).

Subsequent to the year end, and to 13 July 2023 (latest practicable date), 1,229,369 ordinary shares were repurchased into treasury at an average price of 2151.43p per share.

19 Capital redemption reserve

	30 April 2023 £'000	30 April 2022 £'000
As at 1 May 2022	12,802	12,802
As at 30 April 2023	12,802	12,802

The Capital Redemption Reserve represents the nominal value of shares repurchased and cancelled.

This reserve is not distributable.

20 Share premium

	30 April 2023 £'000	30 April 2022 £'000
As at 1 May 2022	223,374	223,374
As at 30 April 2023	223,374	223,374

The share premium arises from excess of consideration received on the issue of the shares over the nominal value.

This reserve is not distributable.

Notes to the Financial Statements continued

21 Special non-distributable reserve

	30 April 2023 £'000	30 April 2022 £'000
As at 1 May 2022	7,536	7,536
As at 30 April 2023	7,536	7,536

The special non-distributable reserve arose from the exercise of warrants which were issued by the Company at launch in 1996. The final warrant conversion was exercised in 2005.

This reserve is not distributable.

22 Capital reserves

	Capital* reserve - gains/losses on disposal 30 April 2023 £'000	Capital** reserve - revaluation 30 April 2023 £'000	Total capital reserves 30 April 2023 £'000	Capital reserve - gains/losses on disposal 30 April 2022 £'000	Capital reserve - revaluation 30 April 2022 £'000	Total capital reserves 30 April 2022 £'000
As at 1 May 2022	2,339,715	560,028	2,899,743	2,198,239	1,042,594	3,240,833
Net losses on disposal of investments	(190,508)	-	(190,508)	(121,148)	-	(121,148)
Transfer on disposal of investments	59,647	(59,647)	-	353,508	(353,508)	-
Valuation gains/(losses) on investments held during the year	-	83,701	83,701	-	(132,546)	(132,546)
Net gains/(losses) on derivative contracts	5,019	(4,985)	34	(10,212)	4,413	(5,799)
Special dividends allocated to capital	42	-	42	-	-	-
Exchange gains on currency balances	7,219	-	7,219	18,460	-	18,460
Exchange losses on settlement of loan balances	(507)	-	(507)	-	-	-
Exchange gains/(losses) on translation of loan balances	-	1,697	1,697	-	(925)	(925)
Ordinary shares repurchased into treasury	(117,078)	-	(117,078)	(98,639)	-	(98,639)
Stamp duty on ordinary shares repurchased into treasury	(584)	-	(584)	(493)	-	(493)
As at 30 April 2023	2,102,965	580,794	2,683,759	2,339,715	560,028	2,899,743

* These are realised distributable capital reserves which may be used to repurchase the Company's shares or be distributed as dividends.

** This reserve comprises holdings gains on investments (which may become realised) and other amounts, which are unrealised. An analysis has not been made between the amounts that are realised (and maybe distributed or used to repurchase the Company's shares) and those that are unrealised.

23 Revenue reserve

	30 April 2023 £'000	30 April 2022 £'000
As at 1 May 2022	(126,799)	(110,111)
Loss for the year to 30 April	(6,860)	(16,688)
As at 30 April 2023	(133,659)	(126,799)

The revenue reserve may be distributed or used to repurchase the Company's shares (subject to being a positive balance).

24 Transactions with the Manager and related party transactions

(a) Transactions with the Manager

Under the terms of an agreement dated 9 February 2001 the Company has appointed Polar Capital LLP ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Strategic Report. The total management fees, paid under this agreement to Polar Capital in respect of the year ended 30 April 2023 were £21,918,000 (2022: £28,281,000) of which £1,827,000 (2022: £6,374,000) was outstanding and accrued at the year end.

There was no performance fee payable in respect of the year nor outstanding at the year end (2022: same).

In addition, the research costs and the first £200,000 of marketing costs per annum are borne by the Manager.

The new investment management agreement which came into force on 1 May 2022 agreed lower rates of the management base fee, simplified the structure of the base fee to three tiers and calculated on the daily net asset value. The Manager also agreed an increased contribution to the marketing costs payable by the Company to the first £200,000 per annum. Details of the Investment Management Agreement are provided in the Strategic Report on page 58.

(b) Related party transactions

The compensation payable to key management personnel in respect of short term employee benefits is £247,000 (2022: £229,000) which comprises £247,000 (2022: £229,000) paid by the Company to the Directors.

Refer to pages 85 to 89 for the Directors' Remuneration Report including Directors' shareholdings and movements within the year.

25 Net asset value per ordinary share

	Net asset value per share	
	30 April 2023	30 April 2022
Undiluted:		
Net assets attributable to ordinary Shareholders (£'000)	2,828,141	3,050,985
Ordinary shares in issue at end of year	126,285,544	132,356,426
Net asset value per ordinary share (pence)	2239.48	2305.13

As at 30 April 2023, there were no potentially dilutive shares in issue (2022: there was no dilution)

26 Segmental reporting

Geographical segments

Since the Company does not have external customers an analysis of the Company's investments held at 30 April 2023 by geographical segment and the related investment income earned during the year to 30 April 2023 is noted below:

	30 April 2023 Value of investments £'000	Year ended 30 April 2023 Gross income £'000	30 April 2022 Value of investments £'000	Year ended 30 April 2022 Gross income £'000
North America (inc. Latin America)	2,079,055	7,658	2,260,033	6,945
Europe	112,437	1,516	91,450	2,171
Asia Pacific (inc. Middle East)	448,685	6,986	459,597	6,754
Total	2,640,177	16,160	2,811,080	15,870

Notes to the Financial Statements continued

27 Derivatives and other financial instruments

Risk management policies and procedures

The Company invests in equities and other financial instruments for the long term to further the Investment Objective set out on page 54. This exposes the Company to a range of financial risks that could impact on the assets or performance of the Company.

The main risks arising from the Company's pursuit of its Investment Objective are market risk, liquidity risk, credit risk and gearing risk and the Directors' approach to the management of them is set out below. The risks have remained unchanged since the beginning of the year to which the Financial Statements relate.

The Company's exposure to financial instruments comprise:

- Equity and non-equity shares which are held in the investment portfolio in accordance with the Company's Investment Objective.
- Term loans and bank overdrafts, the main purpose of which is to raise finance for the Company's operations.
- Cash, money market funds, liquid resources and short-term receivables and payables that arise directly from the Company's operations.
- Derivative transactions which the Company enters into may include equity or index options, index future contracts, forward foreign exchange contracts and interest rate swaps.

The purpose of these is to manage the market price risks, foreign exchange risks and interest rate risks arising from the Company's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the Investment Manager co-ordinate the risk management and the Investment Manager assesses the exposure to market risk when making each investment decision.

(a) Market Risk

Market risk comprises three types of risk: market price risk (see Note 27(a)(i)), currency risk (see Note 27(a)(ii)), and interest rate risk (see Note 27(a)(iii)).

(i) Market Price Risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. Consequently, market price risk is the most significant risk that the Company faces.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

A detailed breakdown of the investment portfolio is given on pages 31 to 37. Investments are valued in accordance with the Company's accounting policies as stated in Note 2(f).

At the year end, the Company's portfolio included derivative instruments of £2,571,000 (2022: £6,479,000).

Management of the risk
In order to manage this risk, it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular technology sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of index options, are other factors which act to reduce price risk. The Investment Manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Market price risk exposure
The Company's exposure to changes in market prices at 30 April on its quoted investments was as follows:

	30 April 2023 £'000	30 April 2022 £'000
Non-current asset investments at fair value through profit or loss	2,640,177	2,811,080
Derivative financial instruments at fair value through profit or loss	2,571	6,479
	2,642,748	2,817,559

An analysis of the Company's portfolio is shown on pages 31 to 37.

Market price risk sensitivity
The following table illustrates the sensitivity of the return after taxation for the year and the value of Shareholders' funds to an increase or decrease of 20% (2022: 20%) in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends. The sensitivity analysis is based on the Company's investments at each balance sheet date, with all other variables held constant.

	30 April 2023		30 April 2022	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Revenue return	(3,700)	3,700	(3,945)	3,945
Capital return	528,550	(528,550)	563,512	(563,512)
Change to the profit after tax for the year	524,850	(524,850)	559,567	(559,567)
Change to Shareholders' funds	524,850	(524,850)	559,567	(559,567)
Change to NAV per share (pence)	415.61	(415.61)	422.77	(422.77)

(ii) Currency Risk
The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and revenue are denominated in currencies other than Sterling.

Management of the risk
The Investment Manager mitigates the individual currency risks through the international spread of investments and may make use of forward foreign exchange contracts. Borrowings in foreign currencies are entered into to manage the asset exposure to those currencies, which vary according to the asset allocation.

Notes to the Financial Statements continued

Foreign currency exposure

The table below shows, by currency, the split of the Company's non-Sterling monetary assets, liabilities and investments that are priced in currencies other than Sterling.

	30 April 2023 £'000	30 April 2022 £'000
Monetary Assets:		
Cash and short term receivables		
US Dollars	199,560	218,119
Japanese Yen	25,424	32,928
Euros	20,710	57,761
Hong Kong Dollars	4,565	8,035
Swedish Krona	1,727	1,703
Canadian Dollars	627	-
Korean Won	394	375
Taiwan Dollars	317	923
Swiss Franc	24	12,879
Polish Zloty	5	5
Norwegian Krone	-	222
Monetary Liabilities:		
Payables		
US Dollars	(19,419)	(43,678)
Swedish Krona	(1,645)	-
Canadian Dollars	(626)	-
Japanese Yen	(22)	(16)
Euros	-	(3,105)
Taiwan Dollars	-	(2,709)
Swiss Franc	-	(7)
Bank Loans:		
US Dollars	(28,642)	(28,674)
Japanese Yen	(22,203)	(23,361)
Foreign currency exposure on net monetary items	180,796	231,400
Non-Monetary Items:		
Investments at fair value through profit or loss that are equities		
US Dollars	2,166,854	2,322,762
Japanese Yen	122,202	104,636
Euros	105,695	73,137
Taiwan Dollars	87,974	124,760
Korean Won	83,895	88,449
Hong Kong Dollars	51,641	66,960
Canadian Dollars	11,909	9,169
Swiss Franc	-	3,309
Swedish Kroner	-	2,181
Investments at fair value through profit or loss that are derivatives		
US Dollars	2,571	6,479
Total net foreign currency exposure	2,813,537	3,033,242

Foreign currency exchange rate movement

During the financial year Sterling appreciated by 0.1% (2022: depreciated by 9.3%) against the US Dollar, appreciated by 5.2% (2022: appreciated by 7.5%) against the Japanese Yen, depreciated by 4.3% (2022: appreciated by 3.5%) against the Euro, appreciated by 0.2% (2022: depreciated by 8.4%) against the Hong Kong Dollar, appreciated by 6.7% (2022: appreciated by 2.4%) against the Korean Won and appreciated by 4.4% (2022: depreciated by 4.3%) against the Taiwan Dollar.

Foreign currency sensitivity

The following table illustrates the sensitivity of the loss after tax for the year and the value of Shareholders' funds in regard to the financial assets and financial liabilities and the exchange rates for the £/US Dollar, £/Euro, £/Japanese Yen, £/Hong Kong Dollar, £/Korean Won and £/Taiwan Dollar.

Based on the year end position, if Sterling had depreciated, by a further 10% (2022: 10%), against the currencies shown, this would have the following effect:

	30 April 2023 £'000					
	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	Korean Won	Taiwan Dollar
Statement of Comprehensive Income - profit/ loss after tax						
Revenue return	560	142	282	28	220	166
Capital return	257,839	13,992	13,820	6,245	9,322	9,810
Change to the profit/loss after tax for the year	258,399	14,134	14,102	6,273	9,542	9,976
Change to Shareholders' funds	258,399	14,134	14,102	6,273	9,542	9,976

	30 April 2022 £'000					
	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	Korean Won	Taiwan Dollar
Statement of Comprehensive Income - profit/ loss after tax						
Revenue return	746	87	355	21	209	285
Capital return	274,996	14,179	12,552	8,333	9,828	13,664
Change to the profit/loss after tax for the year	275,742	14,266	12,907	8,354	10,037	13,949
Change to Shareholders' funds	275,742	14,266	12,907	8,354	10,037	13,949

Based on the year end position, if Sterling had appreciated, by a further 10% (2022: 10%), against the currencies shown, this would have the following effect:

	30 April 2023 £'000					
	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	Korean Won	Taiwan Dollar
Statement of Comprehensive Income - profit/ loss after tax						
Revenue return	(411)	(116)	(231)	(23)	(180)	(136)
Capital return	(210,959)	(11,448)	(11,308)	(5,110)	(7,627)	(8,026)
Change to the profit/loss after tax for the year	(211,370)	(11,564)	(11,539)	(5,133)	(7,807)	(8,162)
Change to Shareholders' funds	(211,370)	(11,564)	(11,539)	(5,133)	(7,807)	(8,162)

Notes to the Financial Statements continued

	30 April 2022 £'000					
	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	Korean Won	Taiwan Dollar
Statement of Comprehensive Income - profit/ loss after tax						
Revenue return	(610)	(71)	(290)	(17)	(171)	(233)
Capital return	(224,997)	(11,601)	(10,270)	(6,818)	(8,041)	(11,179)
Change to the profit/loss after tax for the year	(225,607)	(11,672)	(10,560)	(6,835)	(8,212)	(11,412)
Change to Shareholders' funds	(225,607)	(11,672)	(10,560)	(6,835)	(8,212)	(11,412)

In the opinion of the Directors, neither of the above sensitivity analysis are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

(iii) Interest Rate Risk

Interest rate changes may affect the income received from cash at bank and interest payable on borrowings.

All cash balances earn interest at a variable rate.

The Company has additional exposure to interest rate risk in relation to its holdings in the money market funds and receive interests income at a variable rate.

The Company finances its operations through its term loans as well as bank overdrafts and any retained gains arising from operations.

The Company uses borrowings in the desired currencies at both fixed and floating rates of interest to both generate the desired interest rate profile and manage the exposure to interest rate fluctuations.

The Company's Japanese Yen and US Dollar two-year term loans carry a fixed rate of interest and therefore do not give rise to any interest rate risk.

Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. The Company may also enter into interest rate swap agreements.

Interest rate exposure

The exposure, at 30 April, of financial assets and liabilities to interest rate risk is shown by reference to:

– floating interest rates (i.e. giving cash flow interest rate risk) - when the rate is due to be re-set;

– fixed interest rates (i.e. giving fair value interest rate risk) - when the financial instrument is due for repayment.

	30 April 2023 (£'000)			30 April 2022 (£'000)		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Exposure to floating interest rates:						
Cash and cash equivalents	148,682	-	148,682	219,403	-	219,403
Money market funds	90,414	-	90,414	91,960	-	91,960
Exposure to fixed interest rates:						
Bank loan	-	(50,845)	(50,845)	(52,035)	-	(52,035)
Total exposure to interest rates	239,096	(50,845)	188,251	259,328	-	259,328

Upon expiry of the Japanese Yen and US Dollar two-year fixed rate term loan on 30 September 2022, the Company entered into replacement contracts with ING Bank N.V. for two, two-year fixed rate term loans of Japanese Yen 3.8 billion (2022: 3.8 billion) at an interest rate of 1.13% (2022: 0.90%) and US Dollar 36 million (2022: 36 million) at an interest rate of 5.43% (2022: 1.335%) per annum, both of which fall due for repayment on 30 September 2024.

Interest rate sensitivity

The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant.

The table below illustrates the Company's sensitivity to interest rate movements, with a change of 1.5% (2022: 1%) per annum in the rates of interest available to the Company's a change of 1.5% (2022: 1%) per annum in the rates of interest available to the Company's financial liabilities. The effect on the revenue and capital return after tax and the value of Shareholders' funds are as follows if rates increased:

	30 April 2023 £'000	30 April 2022 £'000
Statement of Comprehensive Income - profit/loss after tax		
Revenue return	2,824	2,593
Capital return	-	-
Change to the profit/loss after tax for the year	2,824	2,593
Change to Shareholders' funds	2,824	2,593

A corresponding decrease in the rate would have equal and opposite effect to that shown in the table above.

This level of change is considered to be reasonably possible based on observation of current market conditions. This is not representative of the year as a whole, since the exposure changes as level of cash/(loans) held during the year will be affected by the strategy being followed in response to the Investment Manager's perception of market prospects and the investment opportunities available at any particular time.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

The maturity of the Company's existing borrowings are set out in Note 17 to the Financial Statements. Short-term flexibility is achieved through the use of overdraft facilities.

At 30 April the financial liabilities comprised of:

	30 April 2023 £'000	30 April 2022 £'000
Due within 1 month:		
Balances due to brokers	19,285	49,419
Repurchase of ordinary shares awaiting settlement	2,344	1,131
Accruals	2,058	6,688
Due after 3 months and within 1 year:		
Bank loan interest (2022: Bank loan and interest)	1,992	52,336
Due after 1 year and within 2 years:		
Bank loan and interest	51,613	-

Notes to the Financial Statements continued

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

The Company manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital.

All cash balances are held with approved counterparties. HSBC Bank plc is the Custodian of the Company's assets. The Company's assets are segregated from HSBC's own trading assets and are therefore protected in the event that HSBC were to cease trading.

These arrangements were in place throughout the current year and the prior year.

Credit risk exposure

The maximum exposure to credit risk at 30 April 2023 was £259,526,000 (30 Apr 2022: £342,331,000) comprising:

	30 April 2023 £'000	30 April 2022 £'000
Balances due from brokers	18,352	29,315
Accrued income	2,078	1,653
Cash at bank	148,682	211,940
Cash held at derivative clearing houses	-	7,463
Money market funds	90,414	91,960
	259,526	342,331

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered low.

None of the Company's financial assets are past due or impaired. All deposits were placed with banks that had a rating of A or higher.

The money market fund, BlackRock's Institutional Cash Series plc – US Treasury Fund, held by the Company as at year ended 30 April 2023 has a rating of AAA or higher, the fund invests primarily in US Treasury bills, US Treasury Repurchase Agreements and other similar instruments.

Investment transactions are carried out with a large number of brokers, the credit standing of each is reviewed periodically by the Investment Manager are set on the amount that may be due from any one broker.

(d) Gearing risk

The Company's policy is to increase its exposure to equity markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on Shareholder's funds of changes, both positive and negative, in the value of the portfolio.

Management of the risk

The Company uses short-term loans to manage gearing risk, details of which can be found in Note 17.

Gearing risk exposure

The loans are valued at amortised cost, using the effective interest rate method in the Financial Statements. The Board regulates the overall level of gearing by raising or lowering cash balances.

(e) Capital Management Policies and Procedures

The Company's capital, or equity, is represented by its net assets which are managed to achieve the Company's Investment Objective set out on page 54.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

(i) the planned level of gearing through the Company's fixed rate loan facility, credit facility and

(ii) the need to issue or buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium).

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company.

In addition in order to pay dividends out of profits available for distribution by way of dividend, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by Company Law. The Company is also subject to externally imposed capital requirements through the loan covenants set out in the loan facility.

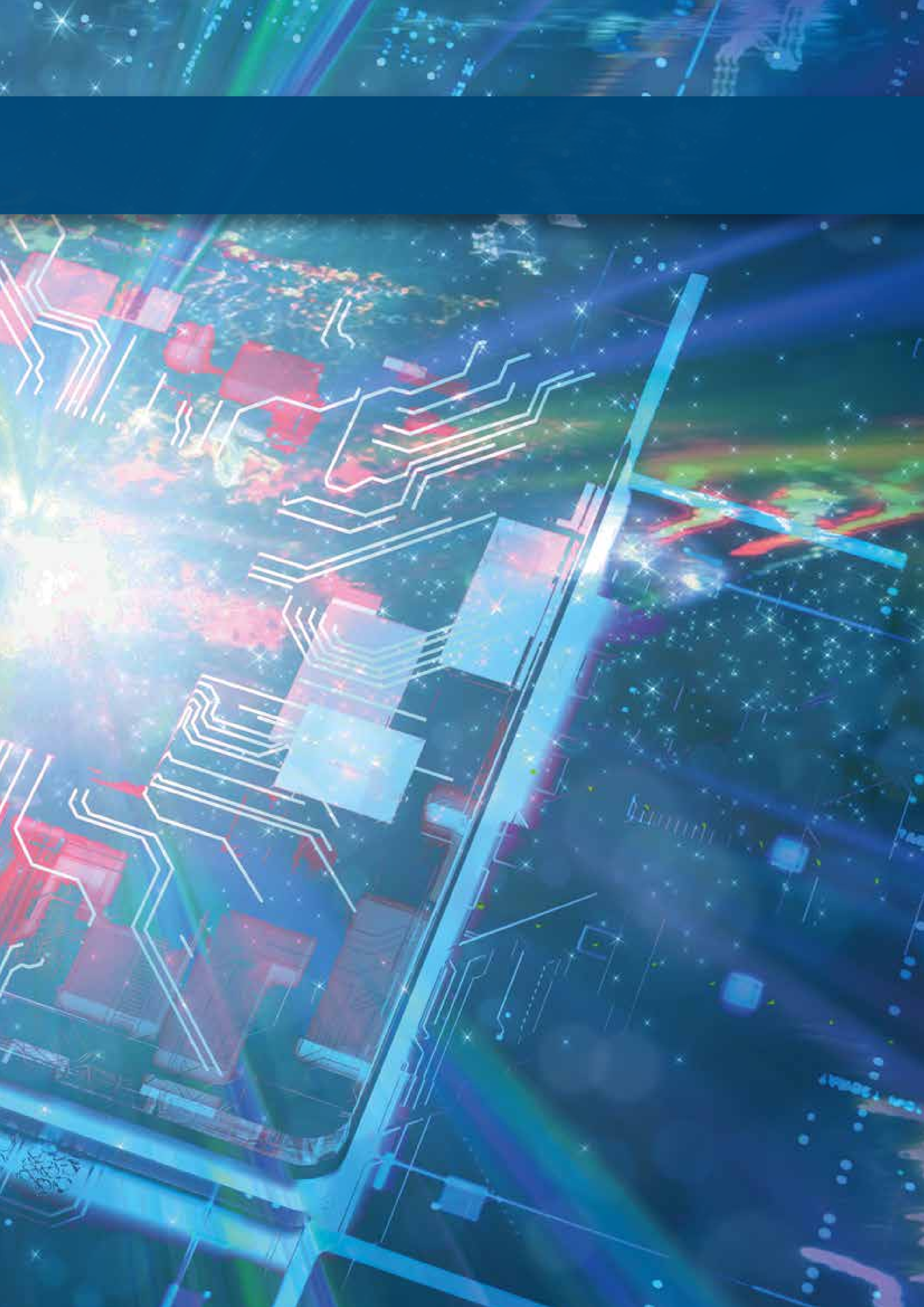
These requirements are unchanged since the previous year end and the Company has complied with them.

28 Post Balance Sheet Event

Subsequent to the year end, and to 13 July 2023, 1,229,369 ordinary shares were repurchased and placed in the Treasury at an average price of 2,151.43p per share.

There are no other significant events that have occurred after the end of the reporting period to the date of this report which require disclosure.

Shareholder Information



Alternative Performance Measures (APMs)

In assessing the performance of the Company, the Investment Manager and the Directors use the following APMs which are not defined in accounting standards or law but are considered to be known industry metrics:

NAV Total Return

The NAV total return shows how the net asset value per share has performed over a period of time taking into account both capital returns and dividends paid to shareholders.

NAV total return reflects the change in value of NAV plus the dividend paid to the shareholder. Since the Company has not paid a dividend the NAV total return is the same as the NAV per share return as at the year ended 30 April 2023 and 30 April 2022.

		Year ended 30 April 2023	Year ended 30 April 2022
Opening NAV per share	a	2305.13p	2496.44p
Closing NAV per share	b	2239.48p	2305.13p
NAV total return for the year	(b / a)-1	(2.8%)	(7.7%)

Share Price Total Return

Share price total return shows how the share price has performed over a period of time. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex dividend

Share price total return reflects the change in share price value plus the dividend paid to the Shareholder. Since the Company has not paid dividends the share price total return is the same as the price per ordinary share return as at year end 30 April 2023 and 30 April 2022.

		Year ended 30 April 2023	Year ended 30 April 2022
Opening share price	a	2040.00p	2364.00p
Closing share price	b	1940.00p	2040.00p
Share price total return for the year	(b / a)-1	(4.9%)	(13.7%)

(Discount)/Premium

A description of the difference between the share price and the net asset value per share usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the NAV per share the result is a premium. If the share price is lower than the NAV per share, the shares are trading at a discount. A premium or discount is generally the consequence of supply and demand for the shares on the stock market.

		30 April 2023	30 April 2022
Closing share price	a	1940.00p	2040.00p
Closing NAV per share	b	2239.48p	2305.13p
Discount of ordinary share price to the NAV per ordinary share	(a / b)-1	(13.4%)	(11.5%)

Ongoing Charges

Ongoing charges are calculated in accordance with AIC guidance by taking the total expenses of the Company, excluding performance fees and exceptional items, if any, and expressing them as a percentage of the average daily net asset value of the Company over the year.

Ongoing charges include all regular operating expenses of the Company. Transaction costs, interest payments, tax and non-recurring expenses are excluded from the calculation as are the costs incurred in relation to share issues and share buybacks.

Where a performance fee is paid or is payable, a second ongoing charge is provided, calculated on the same basis as the above but incorporating the amount of performance fee due or paid.

		Year ended 30 April 2023	Year ended 30 April 2022
Investment Management Fee (Note 8 on page 109)		£21,918,000	£28,281,000
Other Administrative Expenses (Note 9 on page 110)		£1,176,000	£1,335,000
	a	£23,094,000	£29,616,000
Average daily net assets value	b	£2,843,190,000	£3,525,121,000
Ongoing Charges excluding performance fee	a / b	0.81%	0.84%
Performance fee (Note 8 on page 109)	c	–	–
	d = a+c	£23,094,000	£29,616,000
Ongoing charges including performance fee	d / b	0.81%	0.84%

Glossary of Terms

Administrator	The Company's Administrator is HSBC Securities Services (HSS) who are contracted through Polar Capital LLP to provide accounting and administrative services under the terms of the Investment Management Agreement ("IMA").
AGM	Annual General Meeting – a meeting required to be held in accordance with the Companies Act 2006, within six months of the Company's financial year end. The AGM of the Company will be held on Thursday, 7 September 2023. Details of the arrangements will be provided in the separate Notice of AGM and on the Company's website.
AIC	Association of Investment Companies, the industry body for closed ended investment companies.
AIF	Alternative Investment Fund – the Company is an investment trust which is a collective investment undertaking which raises capital from a number of investors (in the case of the Company, by selling shares in the open market on the London Stock Exchange) with a view to investing the capital in accordance with the investment policy (see page 54).
AIFM	Alternative Investment Fund Manager, a body appointed in accordance with the AIFMD (see below). Polar Capital LLP is the appointed AIFM to the Company.
AIFMD	Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013. The Directive requires that, while the Board of Directors of an Investment Trust remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations, all alternative investment funds ('AIFs') in the UK and European Union, must appoint a Depositary and an Alternative Investment Fund Manager ('AIFM').
Benchmark	The Dow Jones Global Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes). The naming convention of the benchmark has been updated to align with the S&P 500. The benchmark of the Company remains unchanged. The performance of the Company is measured against the performance of the benchmark.
Closed-ended Investment Company	An Investment Company whose shares are traded in the open market, e.g., on the London Stock Exchange.
Custodian	HSBC Bank plc is the Custodian of the Company's assets. The Custodian is a financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.
Depositary	The Company's Depositary is also HSBC Bank plc. Under AIFMD (see above) rules the Company must appoint a Depositary whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safe-keeping duties. The Depositary's oversight duties will include but are not limited to share buybacks, dividend payments and adherence to investment limits.
Derivative	Derivative is a contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. Examples of derivatives are Put and Call Options, Swap contracts, Futures and Contracts for Difference. The use of derivatives is to protect the capital value of the portfolio or for efficient portfolio management. A derivative can be an asset or a liability and is a form of gearing because it can increase the economic exposure to shareholders.
Discount/premium	See Alternative Performance Measure (APM) on page 128.
Earnings per Share ("EPS")	A company's profitability expressed on a per share basis and calculated by dividing the company's annual earnings after tax by the weighted average number of shares in issue.

Fund/Portfolio Manager	Ben Rogoff (Lead Manager) and Ali Unwin (Deputy Fund Manager) of Polar Capital LLP have been delegated responsibility for the creation and management of the portfolio of investments subject to the investment policy and various parameters set by the Board of Directors.
FCA	The Financial Conduct Authority (FCA) regulates the financial services industry in the UK. Its role includes protecting consumers, keeping the industry stable, and promoting healthy competition between financial service providers.
IFRS	International Financial Reporting Standards (IFRS) are accounting standards which are developed by the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The IASB sets IFRS Accounting Standards and the ISSB sets IFRS Sustainability Disclosure Standards.
Inflation	A measure of the change in the average price level of a basket of goods and services in a particular economy.
Investment Company	In Section 833 of the Companies Act 2006, an Investment Company is defined as a company which invests its funds in shares, land or other assets with the aim of spreading investment risk.
Investment Trust taxation status	UK Corporation Tax law (Section 1158 of the Corporation Tax Act 2010) allows an Investment Company (referred to in Tax law as an Investment Trust) to be exempt from tax on its profits realised on investment transactions, provided it complies with certain rules. These are similar to Section 833 above but further require that the Company must be listed on a regulated stock exchange and that it cannot retain more than 15% of income received. The Directors' Report contains confirmation of the Company's compliance with this law and its consequent exemption from taxation on capital gains.
KPMG	The Company's auditor is KPMG LLP, represented by Philip Merchant, Partner.
Leverage	As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to gearing but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowings).
Liquidity	The ease with which a security can be traded on the market, usually defined by turnover of the shares divided by the number of shares in issue.
Manager/Investment Manager	Polar Capital LLP (Polar Capital), also appointed as AIFM (see above). The responsibilities and fees payable to Polar Capital are set out in the Strategic Report.
Market capitalisation	Also sometimes referred to as 'market cap', this is a measure which describes the size of a Company or an Investment Trust. It is calculated by multiplying the number of shares by the price of the shares.
Net Asset Value (NAV)	The NAV is the value attributed to the shareholders of the Company less the liabilities, presented either on a per share or total basis. The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'Shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The NAV per ordinary share is published daily.
Non-executive Director	The Company is managed by a Board of Directors who are appointed by letter rather than a contract of employment. The Company does not have any executive Directors. Remuneration of the Non-executive Directors is set out in the Directors' Remuneration Report while the duties of the Board and the various Committees are set out in the Corporate Governance Statement.
PCT or the Company	Polar Capital Technology Trust Plc.

Glossary of Terms continued

Price/earnings ratio (P/E ratio)	A way to estimate the future earnings potential of a particular company or investment trust. It is calculated by taking the current price and dividing it by earnings per share. The P/E ratio also gives an indication of how quickly the company is expected to grow – a high PE indicates that a company is expected to see EPS grow quickly in the future.
SORP	The Statement of Recommended Practice (SORP) for investment trust is issued by the AIC and it provides recommendations on financial reporting that supplement official accounting standards. The financial statements of the Company are prepared in accordance with the Investment Trust SORP.
Treasury shares	Treasury shares are the Company's own shares that have been brought back from shareholders and not cancelled but held in Treasury. Such shares may be reissued into the market at a premium to NAV. Treasury shares do not attract the right to receive dividends or have any other voting rights.
UK-adopted IAS	The international accounting standards adopted by the UK Endorsement Board after delegation of adoption powers. This includes International Accounting Standards (IAS), IFRS and related interpretations, subsequent amendments to those standards and related interpretations, future standards and related interpretations issued or adopted by the IASB.
Volatility	Volatility describes the price movement of an investment. High volatility indicates frequent and significant price movement, whereas low volatility investments have less frequent or severe fluctuations in price.
Yield	The yield is the return on an investment, usually expressed as a percentage of the purchase price.

Corporate Information - AGM

2023 Annual General Meeting ("AGM")

The Company's AGM will be held at 2:30pm on Thursday 7 September 2023 at offices of Herbert Smith Freehills, Exchange House, Primrose Street, London, EC2A 2EG.

Further information including the full text of the resolutions to be proposed at the AGM and an explanation of each resolution is contained in the Notice of AGM which has been posted to Shareholders and is available on the Company's website.

Shareholders will have the option to ask questions at the meeting but are also encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at **cosec@polarcapital.co.uk** stating the subject matter as **PCTT-AGM**. We will endeavour to answer relevant questions at the meeting.

For ease of reference and understanding a brief explanation of the resolutions and the structure of the AGM is given below.

Resolution 1 relates to the statutory requirement of every company to lay before shareholders the Annual Report and Financial Statements, i.e. this document in full. The Annual Report has been prepared and approved by the Board of Directors and audited by the externally appointed auditors. The document will be filed at Companies House once published to shareholders. The Annual Report sets out the Company's business strategy, governance structure and procedures as well as the financial accounts for the financial year under review and any forward-looking statements.

Resolutions 2 and 3, in compliance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013 (the 'Regulations'), The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Listing Rules of the Financial Conduct Authority, the Company is required on a three-yearly basis to provide shareholders with the opportunity to vote on the Company's Directors' Remuneration Policy. Resolution 2 seeks shareholder approval to renew the forward looking Remuneration Policy which lasts for up to three years. The current Policy was approved by shareholders at the 2020 AGM and will expire on 30 April 2024 unless renewed. The Policy being presented for renewal is unchanged from the current Policy and will apply to the three financial years commencing 1 May 2024 and ending on 30 April 2027.

In addition to this, on an annual basis, shareholders are presented, with the Directors' Remuneration Implementation Report which looks back at the year under review and advises how the Remuneration Policy was applied. **Resolution 3** therefore, is the annual advisory vote of shareholders on the Remuneration Implementation Report. The Directors' Remuneration Report is presented on pages 85 to 89.

Resolutions 4 to 9 relate to the annual re-election of directors. In line with good corporate governance the tenure policy of directors is 9-years, with the exception of the Board's Chair tenure policy which allows the Chair to remain in role for up to 12-years in certain circumstances. It is recommended that directors stand for re-election on an annual basis in order to give shareholders the opportunity to vote on each Director. Having undergone a Board Evaluation process, as described on page 90, the Directors have provided a rationale for their support for the reappointment of each director on pages 8 and 9 and within the Notice of AGM.

Resolutions 10 and 11 relate to the statutory appointment or reappointment of the Company's external auditors and the Directors' authority to determine their remuneration. Further information is provided in the Audit Committee Report on pages 80 to 84.

Resolutions 12 to 14 relate to potential changes in the share capital. **Resolution 12** authorises the Directors to allot (i.e. sell) ordinary shares, whether these be newly created shares or shares held in the Company's treasury account which have been previously bought back in the market. Once allotted the shares are listed on the London Stock Exchange and have the same rights as any other ordinary shares of the Company. **Resolution 13** is proposed in connection with 12 and allows the Directors to allot the shares without pre-emption rights. Under the Companies Act, all shareholders have the right of pre-emption which means that the Company must offer the same to all; being a listed company with many shareholders, the Directors ask to disapply the pre-emption rights which means they are able to offer and allot the shares to specific shareholders or in specific ways to the market, noting that such allotments would be at a premium to the net asset value (NAV) per share and therefore accretive (i.e positive) to overall shareholder value. While all shareholders can trade the ordinary shares of the Company on the open market there are times when a shareholder would like to acquire greater amounts of shares than are available in the market and might approach the Company through the corporate broker to obtain shares. In a similar but opposite scenario, **resolution 14** provides the Directors' the ability to buy back (i.e. purchase) shares of the Company in the market. Depending on the market environment, and various other factors, the

Corporate Information - AGM continued

shares of the Company may trade at a discount to NAV, when this is the case the Company may step in and buy back shares in an effort to reduce the discount. Each of these authorities require shareholder approval and are regular resolutions proposed to each AGM; each authority remains in place for 12 months or until the limits have been reached.

Share Capital, Voting Rights and Transferability

The Company's share capital is divided into ordinary shares of 25p nominal value each. At 30 April 2023, there were 137,315,000 ordinary shares in issue of which 11,029,456 were held in treasury (2022: 4,958,574 ordinary shares held in treasury).

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, or on a poll, where each share has one vote. Arrangements for the casting of proxy votes are provided when a notice of meeting is issued.

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Further information can be found in the Articles of Association available on the Company's website www.polarcapitaltechnologytrust.co.uk.

The Company is not aware of arrangements to restrict the votes or transferability of its shares.

History, Structure and Fees

The Company was launched in 1996 with a five-yearly continuation vote. Shareholders approved the resolution for the Company to continue in operation in its current form at the AGM in 2020. The next continuation vote of the Company, in accordance with the Articles of Association, will be proposed at the AGM to be held in 2025. The Company continues to operate as an investment trust with an independent Board and third-party investment manager.

Performance fee

The performance fee participation rate is 10 per cent. of outperformance above the Benchmark, subject to a cap on the amount which may be paid out in any one year of 1 per cent. of NAV. Any amount over the 1 per cent. payment is written off. There was no performance fee payable for the year to 30 April 2023 (2022: nil), and therefore no amount (2022: nil) was outstanding at the year end.

Performance periods coincide with the Company's accounting periods. In the event of a termination of the investment management agreement, the date the agreement is terminated will be deemed to be the end of the relevant performance period and any performance fee payable shall be calculated as at that date.

Calculation

A notional performance fee entitlement ('NPFE') is calculated and if positive, accrued daily, having made up all past underperformance; however, it is only at the financial year end that payment of the performance fee is tested.

The calculation period starts at the end of the financial year in which the last performance fee was paid and is open until the end of the financial year that the next performance fee is paid.

The 1 per cent. cap is applied as part of the NAV calculation so the performance fee accrual will never exceed 1 per cent. of the NAV.

Any under performance since the last performance fee was paid must be made good before a fee may be paid.

Payment Conditions

On the final day of each financial year the NPFE will be tested.

If the NPFE is positive, then a performance fee may be paid to the Manager if the following conditions have been achieved:

- There has been outperformance of the Benchmark in the financial year;
- The NAV per share at the financial year end is equal to or higher than the NAV per share when the last performance fee was paid;
- The NAV per share at the financial year end is equal to or higher than the NAV per share at the beginning of the financial year; and
- If the NPFE is negative, then no performance fee is paid, and the calculation period remains open.

Termination Arrangements

The Investment Management Agreement ("IMA") may be terminated by either party giving 12 months' notice, but under certain circumstances the Company may be required to pay up to one year's management charges if immediate notice is given. Compensation will be on a sliding scale if less than 12 months' notice is given. The IMA may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) if the Investment Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Investment Manager commits a material breach of the IMA.

Other

In addition to the above, the Investment Manager is responsible for the first £200,000 of marketing costs and all research costs.

Corporate Information - Other

Company Website

www.polarcapitaltechnologytrust.co.uk

The Investment Manager maintains a website on behalf of the Company which provides a wide range of information on the Company, monthly factsheets issued by the Investment Manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can also be obtained from various other sources including:

- www.theaic.co.uk
- www.ft.com/markets
- www.londonstockexchange.co.uk

Benchmark

The Company uses the Dow Jones Global Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes) as the Benchmark against which Net Asset Value (NAV) performance is measured for the purpose of assessing performance fees.

Dividends

The Company has not historically paid a dividend as the objective is capital growth.

Capital Gains Tax

Information on Capital Gains Tax ('CGT') is available on the HM Revenue & Customs website www.hmrc.gov.uk/cgt/ index.

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares sold and any other allowable deductions such as share dealing costs. The exercise of subscription shares into ordinary shares should not have given rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances. shareholders are advised to consult their personal financial advisor for further information regarding a possible tax liability in respect of their shareholdings.

Within the Document Library of the Company's website, launch and calculation details for CGT purposes are provided, Shareholders may find these useful when considering their tax position.

Statement by the Depositary

The statement of the Depositary's responsibilities in respect of the Company and its report to Shareholders for the year ended 30 April 2023 is available on the Company's website. The Depositary, having carried out such procedures as it considered necessary, was satisfied that in all material respects the Company was managed in accordance with the applicable FCA rules and AIFMD.

Polar Capital Technology Trust plc is a public listed company on the London Stock Exchange Premium Market section and complies with the Financial Conduct Authority ('FCA') Listing Rules. It is not directly authorised and regulated by the FCA.

Statement By The AIFM

The statement by the AIFM in respect of matters to be disclosed to investors for the year ended 30 April 2023 is available on the Company's website.

Share Price and Net Asset Value

The Company's Net Asset Value (NAV) is normally released daily, on the next working day, following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange website: www.londonstockexchange.co.uk

Securities Financing Transactions

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions ('SFTs') or total return swaps will be required on all reports & accounts published after 13 January 2018. During the period to 30 April 2023 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

Electronic Communications

If you hold your shares in your own name you can choose to receive communications from the Company in electronic format. This method reduces cost, is environmentally friendly and, for many, is convenient.

If you would like to take advantage of Electronic Communications, please visit our registrar's website at www.shareview.co.uk. You will need your Shareholder Reference Number. If you agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post you will receive an e-mail providing the website address where the documents can be viewed and downloaded. Paper copies will still be available on request.

Disability Act

Copies of this Annual Report and Financial Statements or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

Investing

The ordinary shares of the Company are listed and traded on the London Stock Exchange. Investors should be aware that the value of the Company's ordinary shares may reflect the greater relative volatility of technology shares.

Polar Capital Technology Trust plc is an investment trust and as such its ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to do so for the foreseeable future so that the exclusion continues to apply.

There are a variety of ways to invest in the Company. However, this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

Investing Risks

Investors should be aware of the following risks when considering investing in the shares of Polar Capital Technology Trust plc:

Past performance is not a guide to future performance.

Please remember that any investment in the shares of Polar Capital Technology Trust either directly or through a savings scheme or ISA carries the risk that the value of the investment and any income from such may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back the original amount invested.

Investors should be aware that the value of the NAV of the Company's shares may reflect the greater relative volatility of technology shares. Technology shares are subject to the risks of developing technologies, competitive pressures and other factors including the acceptance by business and consumers of new technologies. Many companies in the technology sector are smaller companies and are therefore also subject to the risks attendant on investing in smaller capitalisation businesses. As the Company invests in overseas companies changes in exchange rates may cause fluctuations in the value of the investments and of your investment in the Company.

The Company takes on bank debt for investment purposes ('gearing') which exposes the company to exchange risk when the borrowings are in different currencies and the value of the investments made with the borrowings may fall and may not be sufficient to cover the borrowings and interest costs. However, the Company may increase or decrease its borrowing levels to suit market conditions.

If you are investing through a savings plan, ISA or other investment arrangement it is important that you read the key features documents and understand the risks associated with investing in the shares of the Company. If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Tax rates and reliefs change from time to time and may affect the value of your investment.

For those investors who would like advice:

Private Client Stockbrokers – generally for investors with a large lump sum to invest, a private client stockbroker will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from The Personal Investment Management & Financial Advice Association (PIMFA) at www.pimfa.co.uk

Financial Advisers – carry out the share transactions for their clients, they can do this directly but also via a growing number of platforms that offer investment trusts including AJ Bell, Interactive Investor, Ascentric, Embark, Nucleus, Raymond James, Seven IM and Transact. For investors looking to find a financial adviser, please visit www.unbiased.co.uk

For those investors who are happy to make their own investment decisions:

Online Stockbroking Services – There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services include AJ Bell, Interactive Investor, Barclays Stockbrokers, Halifax Share Dealing and Hargreaves Lansdown.

As an investor holding shares through one of these platforms, you are entitled to attend and vote at company general meetings. For example, interactive investor allow you to vote your shares at no extra cost through your account and new customers are automatically signed up to the voting and information service, which enables you to receive shareholder materials and vote on decisions directly affecting your UK registered shareholdings.

Please visit the AIC's pages below for further information:
https://www.theaic.co.uk/how-to-attend-an-AGM

https://www.theaic.co.uk/availability-on-platforms/how-tovote-your-shares

Share Dealing Services

The Company has also made arrangements with its share registrars, Equiniti Limited, for investors to buy and sell shares through the Shareview.co.uk service.

For telephone sales call 0345 603 7037 (or +44 121 415 7560) between 8.30am and 4.30pm for dealing and up to 6.00pm

Corporate Information - Other continued

for enquiries, Monday to Friday. For Internet sales log on to www.shareview.co.uk/dealing

Forward-Looking Statements

Certain statements included in this Annual Report and Financial Statements contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates.

By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report within this Annual Report.

No part of this Annual Report constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Technology Trust plc or any other entity and must not be relied upon in any way in connection with any investment decision.

The Company undertakes no obligation to update any forward-looking statements.

Boiler Room Scams

Shareholders of the Polar Capital Technology Trust plc may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in U.S. or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0845 606 1234 or 0800 111 6768 or by visiting their website, which also has other useful information, at www.fca.org.uk

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. More detailed information on this or similar activity can be found on the FCA website.

How to avoid investment and pension scams

1. **Reject unexpected offers**
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2. **Check the FCA Warning List**
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.

3. **Get impartial advice**
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Contact Information

Registered office and address for contacting the directors

16 Palace Street,
London,
SW1E 5JD
020 7227 2700

Company Registered Number

Polar Capital Technology Trust Plc
(The 'Company')
is incorporated in England and Wales with company number 3224867 and registered as an investment company under section 833 of the Companies Act 2006.

Investment Manager and AIFM

Polar Capital LLP
Authorised and regulated by the Financial Conduct Authority
Represented by Portfolio Manager Ben Rogoff and Deputy Manager Alastair Unwin

Company Secretary

Polar Capital Secretarial Services Limited
Represented by Jumoke Kupoluyi, ACG
Email: cosec@polarcapital.co.uk

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
15 Canada Square,
London,
E14 5GL

Corporate Broker

Stifel Nicolaus Europe Limited
150 Cheapside,
London,
EC2V 6ET

Depositary, Custodian and Administrator*

HSBC Bank PLC
8 Canada Square,
London,
E14 5HQ

* Administrator appointed under the Investment Management Agreement.

Registrar

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA

Shareholder helpline: 0371 384 2476
(or +44 (0) 371 384 2476 from overseas)
www.shareview.co.uk

Shareholders who have their shares registered in their own name, not through a share savings scheme or ISA, can contact the registrars with any queries on their holding. In correspondence you should refer to Polar Capital Technology Trust plc, stating your registered name and address and, if available, your full account number.

Financial Calendar

The key dates in the Company's financial year are as follows:

30 April	Financial year-end
July	Announcement of year-end results
September	Annual General Meeting
31 October	Half-year end
December	Announcement of half-year results

Identification Code

SEDOL	422002
ISIN	GB0004220025
TICKER	PCT
BLOOMBERG	PCT.LN
DATASTREAM	PCT
REUTERS	PCT.L
LIPPER	71000395
GIIN	J29SBF.99999.SL.826
LEI	549300TN1O5392UC4K19

AIC

The Company is a member of the Association of Investment Companies ('AIC'). The AIC website www.theaic.co.uk contains detailed information about investment trusts, including guides and statistics.

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The Association of Investment Companies

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