

# Polar Capital Technology Trust plc

## Inflation, Technology and the Repricing of Risk

**Annual Report & Financial Statements**  
For the year ended 30 April 2022

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# 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 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 56 to 58.

## 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 a team of technology specialists. Polar Capital LLP is authorised and regulated by the Financial Conduct Authority.

# Financial Highlights

Year ended 30 April 2022

Net Assets Per Ordinary Share  
Total Return\*

**-7.7%**

2021: +45.5%

Benchmark Total Return~

**-0.9%**

2021: +46.4%

Share Price Total Return\*

**-13.7%**

2021: +33.3%

\* Alternative Performance Measure, see page 134.

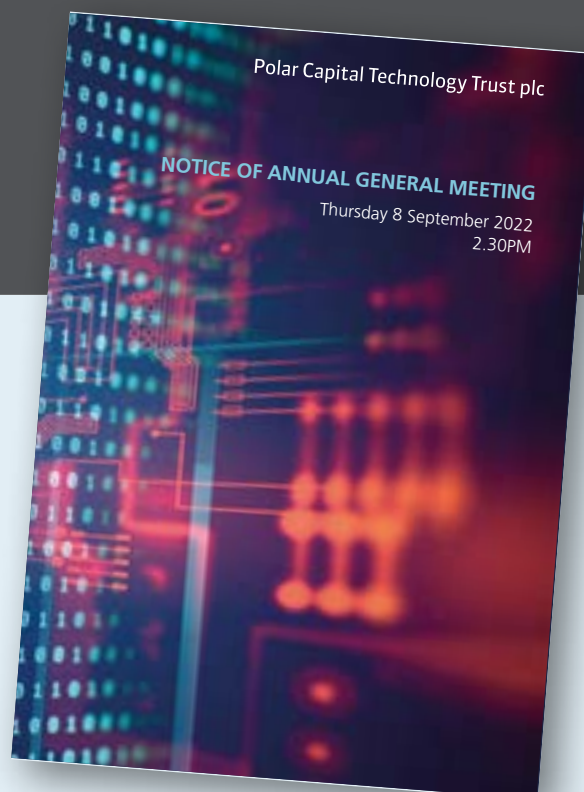
~ Dow Jones World Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes).

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

**AGM:** Thursday  
8 September 2022  
at 2:30pm



## Financial Highlights continued

## Financial Summary

	As at 30 April 2022	As at 30 April 2021	Year Ended 2022	Year Ended 2021
Total net assets	£3,050,985,000	£3,408,763,000	(10.5%)	47.7%
<b>Net Asset Value (NAV) per ordinary share</b>	2305.13p	2496.44p	(7.7%)	45.5%
<b>Benchmark</b>	3504.44	3535.05	(0.9%)	46.4%
<b>Price per ordinary share</b>	2040.00p	2364.00p	(13.7%)	33.3%
Discount of ordinary share price to the NAV per ordinary share-	(11.5%)	(5.3%)		
Ordinary shares in issue*	132,356,426	136,544,764	(3.1%)	1.5%
Ordinary shares held in treasury	4,958,574	770,236	543.8%	-

\* The issued share capital on 15 July 2022 (latest practicable date) was 137,315,000 ordinary shares of which 6,433,670 were held in treasury.

## Key Data

	For the year to 30 April 2022	
	Local Currency %	Sterling Adjusted %
<b>Benchmark</b>		
Dow Jones World Technology Index	(10.1)	(0.9)
<b>Other Indices over the year (total return)</b>		
FTSE World	(3.8)	5.8
FTSE All-Share		8.7
S&P 500 Composite	0.2	10.2
Nikkei 225	(5.0)	(12.0)
Eurostoxx 600	6.1	2.3

## Exchange Rates

As at 30 April	2022	2021
US\$ to £	1.2555	1.3846
Japanese Yen to £	162.66	151.34
Euro to £	1.1901	1.1502

## Expenses

For the year to 30 April	2022	2021
Ongoing charges ratio #-	0.84%	0.82%
Ongoing charges ratio including performance fee #-	0.84%	0.82%

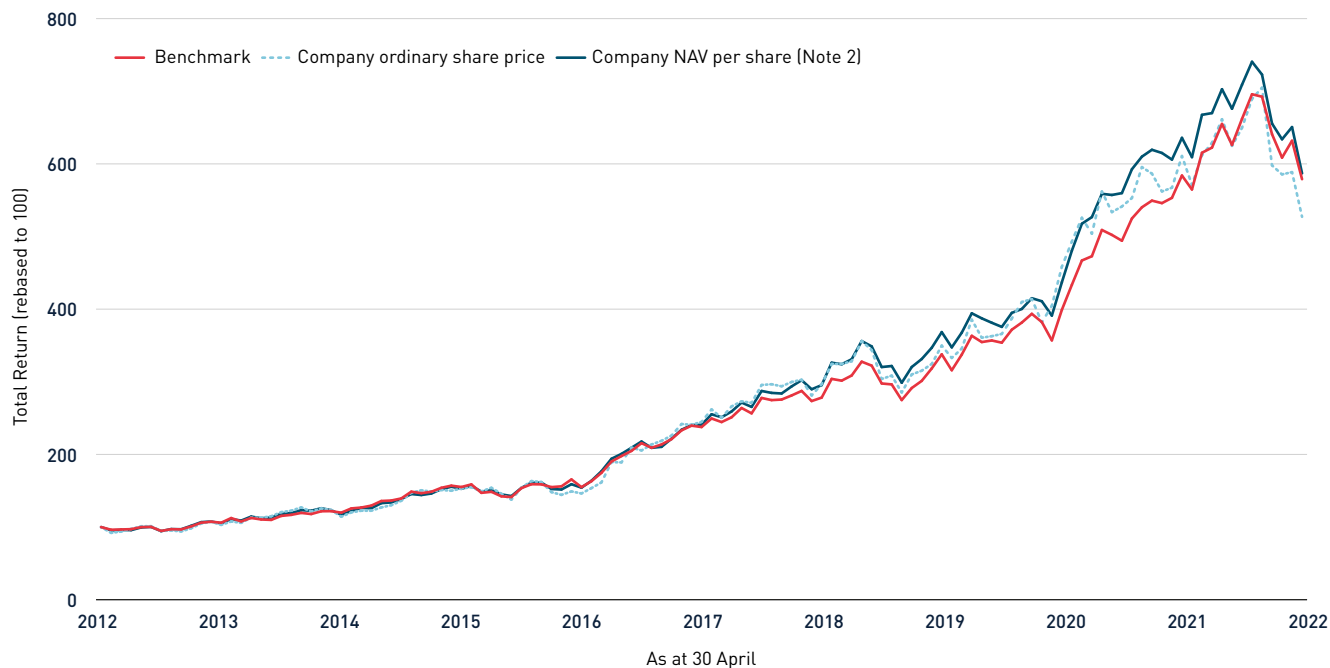
Data supplied by Polar Capital LLP and HSBC Securities Services.

# Ongoing charges ratio represents the total expenses of the Company, excluding transaction costs, interest payments, tax and non-recurring expenses expressed, as a percentage of the average daily net asset value, in accordance with guidance issued by the Association of Investment Companies ("AIC").

- Alternative Performance Measure see pages 134 to 135.

# Performance

## 10 Year Performance Graph



## Historic Performance

As at 30 April	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Assets (£m)	503.3	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
Share price (pence)	387.0	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
NAV per share (pence)	392.6	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
<b>Indices of Growth<sup>1</sup></b>											
Share price	100.0	103.0	114.2	153.0	146.3	244.7	296.6	349.9	458.4	610.9	527.1
NAV per share <sup>2</sup>	100.0	105.0	116.8	152.6	154.2	240.8	295.4	368.4	437.0	635.9	586.9
Dow Jones World Technology Index <sup>3</sup>	100.0	106.0	119.8	155.1	155.0	237.7	278.2	337.8	399.0	584.0	578.9

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 2012.

2 The NAV per share growth is based on NAV per share as adjusted for subscription shares.

3 Dow Jones World Technology Index (total return, Sterling adjusted) and from April 2013 with the removal of relevant withholding taxes.

All data sourced from Polar Capital LLP.

## Chair's Statement



**Sarah Bates**  
Chair



As I come to step down from the Board at the AGM may I thank our shareholders, my fellow directors and all the team at Polar Capital for all the support they have given me during my tenure as Chair



### Introduction

Shareholders may remember that in the year to April 2021, on which I reported in July 2021, your Company's NAV had risen by 45.5%. That followed a ten year period over which the net assets of your Company had grown from £468.7m, to £3.4bn, as technology stocks outperformed markets generally, on the back of extraordinary corporate growth and rising valuations. Last year, I noted that we seemed cautiously to be emerging from the pandemic, but were in something of uncharted territory, and were seeing rising bond yields and inflationary concerns, significant concentration of performance in the largest capitalisation stocks and a rotation from "growth" to "value". Nevertheless, I suggested that the long term supportive trends in the sector remained in place, and shareholders would continue to benefit from disruption.

For the first three quarters of the last financial year, these conditions generally persisted. Inflationary pressures continued to mount, bond yields rose, investors continued to invest in recovery stocks rather than growth stocks and the concentration of performance continued. The share prices of technology stocks suffered in this environment, although corporate performance remained strong. At the end of the financial year (the beginning of 2022) the exuberance in technology stocks continued to unwind. Our manager describes the details of this in pages 16 to 27.

The invasion by Russia of Ukraine on 24 February 2022 sent shock waves across the world. In stock market terms, volatility increased substantially and inflationary pressures were exacerbated by oil price rises and food supply chain disruption. We do not know how or where this will end, although the long term tech trends do remain powerful and valuations are coming back into more attractive territory.

Over the year, the Company's NAV fell by 7.7% and your share price fell by 13.7% as the discount widened. The NAV performance was behind the index which fell by just under 1%. UK investors were sheltered from the decline in

the technology market by the appreciation of the US dollar against Sterling. Although the manager did hold some cash, the index performance was driven significantly by the very strong relative performance of Apple and Microsoft. The detail of this is set out in the manager's report. We do run into a concentration problem here, in that both companies amount to around 15% of the index each and whilst they are our two largest holdings at between 10% to 11% of our portfolio individually, these positions are still lower than index weightings and not having had an index weight in each has had a significant impact on relative performance. The most significant causes of our underperformance were not having full 15% weightings in those two stocks. The manager wrote about concentration risk at the interim stage and we would not find it easy to justify holding such significant positions in these two companies. We would expect that the concentration of stock performance in the largest companies will diminish as it tends to lead to overvaluation. Investors with long memories will remember the performance of Vodafone after it became 15% of the UK index in 2000.

### Discount Management

The Board actively monitors the discount at which the Company's ordinary shares trade in relation to the Company's underlying NAV. The discount has widened over the last year reflecting the considerable change in sentiment towards technology stocks and market volatility generally. 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 and to issue shares at a premium in order 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 and reliably, repurchasing a total of 4,188,338 shares in the year under review (amounting to 3% of the issued share capital) at an average price of 2,355.35 pence per share and an average

discount of 9.6%. This produced an uplift in NAV per share of just under 7p per share. After the year end and up to 15 July 2022, the Company has bought back a further 1,475,096 shares. 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 if there is, in their view, a particular investment opportunity best accessed through buying shares in the Company rather than buying individual securities.

## Fees

We have continued to make progress on our fee structure. In April 2019 we announced a change in the calculation of the performance fee and a reduction in the participation rate for that fee, which took effect from 1st May in that year. In 2021, which was our regular three yearly review of the base management fee, we agreed with Polar Capital a reduction as follows:

### Current Base Management Fee Arrangement: effective 1 May 2022

0.80%	£0 - £2bn
0.70%	£2bn - £3.5bn
0.60%	over £3.5bn

### Base Management Fee Arrangement to 30 April 2022

1%	Up to £800m
0.85%	£800m - £1.6bn
0.80%	£1.6bn - £2.00bn
0.70%	over £2.0bn

## Board Composition

In my statement last year, I reported that the Nominations Committee and the Board would continue with its succession plan during the year. Phase one was completed in September 2021 with the appointment of Catherine Cripps and Jane Pearce as independent non-executive Directors to the Board. It is intended that Jane Pearce will succeed Charlotta Ginman (our current Audit Chair) who will come to the end of her nine years' service in 2024. Both Catherine and Jane will stand for election by Shareholders at the AGM to be held on 8 September 2022, along with those directors standing for re-election.

Phase two of the succession plan was to appoint my successor as Chair of the Board ahead of my retirement at the Company's Annual General Meeting in 2022, as it is the AGM after I reach 11 years' service. In accordance with the Board's tenure policy I am able to remain on the Board for up to 12 years. I am delighted to confirm

that Catherine Cripps has been invited by the Board, and has accepted the role of Chair (subject to election by Shareholders at the AGM) when I retire at the forthcoming AGM. I should note that this part of the plan was developed and implemented by the Nominations Committee excluding me, and led by our Senior Independent Director ("SID"), Tim Cruttenden. We also are grateful to our external board evaluator, Tim Stephenson, who reviewed and commented on our plans. The Board believes that Catherine will bring a fresh perspective to its proceedings and look forward to seeing the Company make further progress under her guidance.

## Directors' Fees

As part of the Board's annual fee review to ensure that remuneration paid to Directors remains competitive and in line with those of its peers, it was noted by the external board evaluator and the Remuneration Committee that the current level of fees paid to the Company's Directors was significantly below the market rate for a large investment trust. Whilst the Board usually favours modest increases year on year (where applicable), it was felt that fees should be competitive and reflective of the current market in order to attract and retain the best candidates. It was also agreed that fees should reflect the increasing workload, time and commitment required from Directors of a FTSE 250 Company. As is detailed further within the Remuneration Committee Report, with effect from 1 May 2022, the base Directors' fee increased by 4.8% to £33,000 and the fee of the Chair by 10% to £55,000. The supplements for the Audit Committee Chair and the Senior Independent Director remain unchanged at £7,000 and £4,200 respectively.

## Annual General Meeting

Assuming we continue to emerge from the pandemic, the AGM will be held on 8 September 2022 at Haberdashers' Hall, 18 West Smithfield, London EC1A 9HQ, a venue you might remember from the 2019 AGM. We will again be holding the AGM as a hybrid meeting supported by Lumi Global. A notice of AGM will be provided to all Shareholders and made available on the Company's website, this includes the formal business to be conducted at the AGM and further details of how Shareholders can join the AGM virtually.

## Environmental, Social and Governance (ESG)

As detailed in my report last year, we continue to develop our approach to ESG and during the year under review, we continued to engage with our manager to better understand how ESG has been further integrated into the

## Chair's statement continued

investment and decision-making process. The Board also receives information on how ESG affects Polar Capital as a business and the technology team in particular.

In addition to this, we as a Board have nominated Catherine Cripps to assume the role of ESG lead. Catherine has been responsible for ensuring that the Board is kept abreast of the latest developments in this area to develop how the Company can report to stakeholders in line with such. Catherine has worked with the manager to develop a dashboard which allows us to see how the manager is considering ESG matters, and whether that meets our requirements. We do think the ESG issues raised are important, interesting and complicated. We have also held a number of conversations with our shareholders about their views on ESG matters and how they would like us to report, given their requirements. We have endeavoured to provide information as requested. The ESG report on pages 42 to 53 describes, both the Corporate and Investment approach to ESG matters.

## Outlook

After more than a decade of easier money and the extraordinary effects of COVID-19, we are seeing considerable turmoil in our financial environment. At this point, long term interest rates in the US and elsewhere have risen sharply. The valuations of companies which were elevated by very low long term interest rates, have, not to put it too finely, cratered. Many investors have not seen inflation rates such as those we currently observe.

At this point, many tech companies are not reporting significant impacts on their trading, but we are aware that company reports can be indicators of the current state, rather than of future problems. We are in uncertain times, and although between us, we've lived through previous savage market downturns and inflationary pressures, it's not clear how our current circumstances play out. We suspect markets could be fearful for some time. However, we do think the basic disruptive opportunities for the companies in our portfolio persist, and we support our Manager's view that we should stick to the fundamental principle that investing in the potential growth in our sector will remain profitable over time.

Finally, as I come to step down from the Board at the AGM may I thank our shareholders, my fellow directors and all the team at Polar Capital for all the support they have given me during my tenure as Chair.

**Sarah Bates**  
Chair

19 July 2022



we look forward  
to welcoming  
Shareholders to the  
**AGM**  
on  
**8 September**  
**2022**

## Chair Elect Q&A



**Catherine Cripps**

Catherine, you joined the Board around 9 months ago and have been appointed as Chair Elect, what can you tell us from your experience so far?

**After a long and successful executive career, what do you enjoy most about being a Non-Executive Director?**

I enjoy the variety of matters that come up across my portfolio; companies big and small have some very similar issues to deal with as well as some very different ones. I believe that the read across between companies is mutually beneficial to all. Above all, for me, the people are important and make a role enjoyable or not. At Polar we have some excellent people who are very well qualified and a pleasure to work with.

**What do you hope to bring to your role as Chair of the Board?**

Sarah is a fantastic chair so these are big shoes to fill but I would like to build on her work so far and bring some of my perspectives to bear. I have had experience of both investment and control environments and in the new hybrid and digital age the control environment can get stressed. Besides, investors pay us for investment management and not for operational risk.

**What are you looking forward to as Chair of Board?**

I am looking forward to working with my colleagues and I see us very much as a team with every one bringing their own experience and viewpoints to the table. I believe these should be as diverse as possible so I am expecting some healthy debates! I am also looking forward to building on the relationships with our key service providers and Polar Capital in particular, with whom we have a long history.

**What do you think the key areas of focus will be for the year ahead?**

Sarah is leaving the Company at a very interesting time, certainly in terms of performance. The eternal optimism of investors in technology companies and growth ones in particular is being challenged. Keeping investors informed and meeting their expectations is always a priority but is going to be harder in these markets. Maintaining a dialogue with Ben and his team as well as with our other service providers is going to be a focus. I fully expect these dialogues to be constructive but it is important we oversee them and hold them to account as appropriate. Finally, there is also our developing stance on ESG which we need to keep progressing.

**What interests you about the technology sector and the trust?**

When I choose the roles I would like to undertake I look for a balance of my being able to use my experience together with the presence of the lure of something for me to learn. The Company is in the sector of fund management in which I have much experience but its focus on technology stocks feels to me like an insight into the future. I love science fiction and what might be possible and I was certainly the one around the table who had read Neal Stephenson's novel Snow Crash where the term 'metaverse' was first used. Watching science fiction become reality is thrilling.

**I look forward to meeting Shareholders at this year's AGM**

# Financial Performance Review

For the year ended 30 April 2022

The NAV per share fell to 2305.13p as at 30 April 2022 from 2496.44p at the start of the year. The Company's NAV per share total return for the period was a loss of 7.7% and the Company finished the year with a total net assets of £3,051.0m. The Investment Manager's Report on pages 16 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). For the year ended 30 April 2022, the total net loss was £258.6m (2021: £1,063.7m gains), of which there was a £241.9m losses (2021: £1,074.2m gain) from capital and a £16.7m losses (2021: £10.5m 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 106. 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 111 and the allocation methodology is considered on an annual basis. The total net losses per share were 191.61p, compared to the previous year's earnings per share of 776.75p. The total net losses per share was made up of 179.25p from capital return and a loss of 12.36p from revenue return.

## Capital Return

The investment portfolio was valued at £2,811.1m (2021: £3,243.0m) at the year end 30 April 2022. The investment portfolio delivered a realised loss on disposals of £121.2m (2021: £480.4m gains) and valuation losses on investment of £132.5m (2021: £647.3m gains) for the year ended 30 April 2022. The Company's valuation approach is described in Note 2 (f) on page 112. The derivative losses of £5.8m (2021: £49.1m losses) 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 16 to 27 and Note 6 on page 115.

## Revenue Return

The investment income of £15.87m (2021: £18.2m) represents dividend income derived from listed investments. The investment income, excluding any one off special dividends, increased by 5.2% 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 other operating income of £0.031m (2021: £0.008m) was derived mainly from the Money Market Fund (MMF) interest. The increase in interest rates in recent months has enabled banks and MMF to resume payment of interest income. 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 remains therefore 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 £30.6m (2021: £26.2m) and include investment management fees of £28.3m (2021: £24.1m), administrative expenses of £1.3m (2021: £1.1m) and finance costs of £1.0m (2021: £1.0m). Although the net asset value reduced in absolute terms towards the end of the financial year, on average it had increased during the year under review when compared to the prior year, hence increases in management, depositary and custody fees were incurred during the year. Other expenses remained at a similar level to the last year. There was no performance fee accrued at the year ended 30 April 2022 (2021: £nil). In January 2022 agreement was made with Polar Capital to amend the base management fee tier levels and calculation structure with effect from the new financial year commencing 1 May 2022. Further details can be found on pages 60 and 61.

## Ongoing Charges

The ongoing charges ratio, as calculated in line with the AIC recommended methodology, represents the total expenses of the Company, excluding finance costs, expressed as a percentage of the average daily NAV. This ratio 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 ratio provides an indication of the likely level of costs that will be incurred in managing the Company in the future. The ongoing charges ratio for the year to 30 April 2022 was 0.84% (2021: 0.82%). The ongoing charges ratio including the performance fee for the year to 30 April 2022 was also 0.84% (2021: 0.82%) as no performance fee was accrued at the year end. As noted above under expenses, the slight increase in the OCR is mainly due to

the increase in management fee during the year which moved in line with the change in net asset value during the year under review. See Alternative Performance Measures on pages 134 to 135.

### Cash and Cash Equivalents

As noted in prior years, the Company maintains a relatively high level of cash, closing the year with £311.4m (2021: £212.7m). 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 2022, the Company held the BlackRock Institutional Cash Series – US Treasury Fund with a market value of £92.0m.

### Portfolio Turnover

Portfolio turnover (purchases and sales divided by two) totalled £2,728.1m equating to 84% for the year to 30 April 2022 (2021: 113%) of average net assets over the year. Details of the investment strategy and portfolio are given in the Investment Manager's Review on pages 16 to 27.

### Gearing

The Company can use gearing for investment purposes and as stated on page 58. As at the year end, the Company had fully drawn the two, two-year fixed rate term loans (JPY 3.8bn and USD 36m) with ING Bank N.V. Both loans fall due for repayment on 30 September 2022. The repayment of both loans, totalling approximately £52.0m (2021: £51.1m), would equate to 17% of the cash and cash equivalents readily available to the Company as at 30 April 2022. Consideration to the level of borrowings required by the Portfolio Manager is under review and replacement facilities will be negotiated accordingly with ING Bank N. V. or another provider in due course.

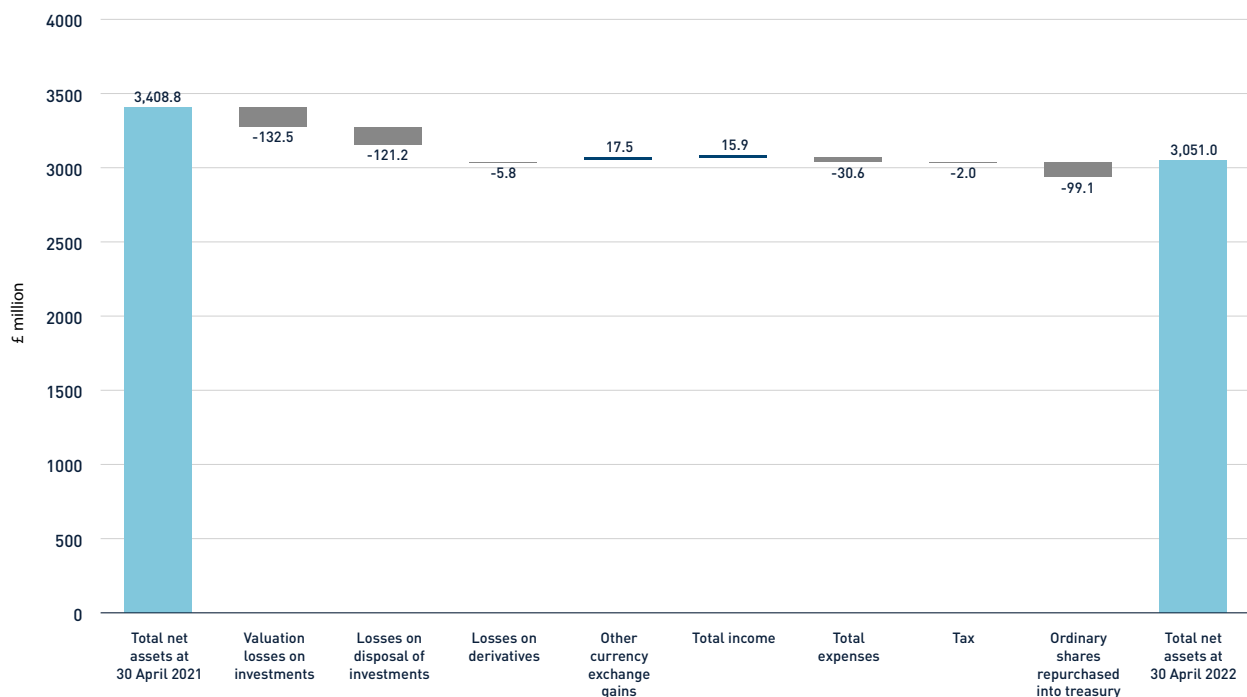
### Foreign Exchange

The majority of the Company's assets and revenue are denominated in currencies other than Sterling. As at the year ended the other currency gains of £17.5m represents the exchange gains on currency balances of £18.4m and losses on translation of loan balances of £0.9m. 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 125-128, analyses the currency risk and the management of such risks.

**Sarah Bates**  
Chair

19 July 2022

### Movement in total assets for the year to 30 April 2022



## Board of Directors



### Sarah Bates

**Independent  
Non-executive Chair**

**Appointed to the Board in June 2011 and as Chair in September 2017.**

#### Skills and Experience

Sarah is a past Chair of the Association of Investment Companies and has been involved in the UK savings and investment industry in different roles for over 30 years. She has chaired companies and Trustee bodies ranging from a small youth charity to a FTSE 100 company. She is a co-Founder of the Diversity Project.

#### Other Appointments

Sarah is a non-executive director and Senior Independent Director of Worldwide Healthcare Trust and Alliance Trust. She is Chair of the John Lewis Partnership Trust for Pensions and a director of the Universities Superannuation Scheme Investment Management Limited. Previously, Sarah was Chair of St James' Place plc, JP Morgan American Investment Trust plc, Witan Pacific Investment Trust plc and the Diversity Project Charity. She was also chair of the audit committees of New India Investment Trust plc and of U and I Group plc. Sarah is a Fellow of CFA UK.

#### PCT Share Interests

10,500

#### Annual Remuneration

**Financial - year ended 2022**  
£50,000

#### Rationale for re-election

Sarah will not be standing for re-election as she will be retiring from the Board in accordance with the Board's succession plans. Sarah will be succeeded by Catherine Cripps who will assume the role of Chair following the AGM in September 2022.



### Catherine Cripps

**Independent Non-executive  
Director and Chair Elect**

**Appointed to the Board in September 2021.**

#### 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.

#### Other Appointments

Catherine is a non-executive director of Goldman Sachs International and Goldman Sachs International Bank. She also acts as Chair of the Goldman Sachs International and Goldman Sachs International Bank Board Risk Committees and is a member of the Audit Committees. She is also a non-executive director for Maniyar Capital Advisors and Pool Re. Previously, Catherine was non-executive director of CQS Management Limited where she chaired the Remuneration and Performance Management Committees and was a member of the Audit Committee, she was also non-executive director and chair of the group audit and risk committee of Merian Global Investors, as well as being chair of the investment committee and trustee for the Nuclear Liabilities Fund.

#### PCT Share Interests

-

**Annual Remuneration  
Financial - year ended 2022**  
£20,677

#### Rationale for election

Catherine was appointed to the Board in September 2021 and 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. With the support of the Board, Catherine has assumed the role of ESG lead and has been responsible for ensuring that the Board is kept abreast of the latest developments in this area and how the Company can report to stakeholders in line with such.



### Tim Cruttenden

**Independent  
Non-executive Director**

**Appointed to the Board in March 2017 and as both the Senior Independent Director ('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

Tim is a non-executive director of Chrysalis Investments Limited.

#### PCT Share Interests

1,000

**Annual Remuneration  
Financial - year ended 2022**  
£35,700

#### Rationale for re-election

Tim has extensive technology private equity investment experience and brings an alternative investment perspective to discussions on portfolio. The Board and Manager value the investment debates at meetings particularly where Tim focusses on new themes, and welcome the continued contribution from him. He has also thoughtfully and capably taken the lead on the Chair succession discussions as SID.



### Charlotta Ginman

**Independent  
Non-executive Director**

**Appointed to the Board and as Chair of the Audit Committee in February 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

Charlotta is a non-executive director and chairs the audit committees of Pacific Assets Trust plc, Keywords Studios plc and Gamma Communications plc. Charlotta is also a non-executive director of Unicorn AIM VCT plc and Boku Inc.

#### PCT Share Interests

4,941

**Annual Remuneration  
Financial - year ended 2022**  
£38,500

#### 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.

Where there might be concern of over-boarding, as three of Charlotta's roles are with investment companies that typically have only 5 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

Mr Park is a non-executive director of both North American Income Trust plc and Evenlode Investments.

### PCT Share Interests

1,840

### Annual Remuneration Financial - year ended 2022

£31,500

### 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 us context and insight into investment markets. He has also brought his interest in ESG issues to our discussions.



## Jane Pearce

**Independent Non-executive  
Director**

**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

Jane is a non-executive director and member of the audit committee of Shires Income plc and a Co-opted External Member of the Audit and Risk Committee of the University of St. Andrews.

### PCT Share Interests

-

### Annual Remuneration Financial - year ended 2022

£20,677

### Rationale for election

Jane was appointed to the Board on 6 September 2021 and is an experienced non-executive director and Chartered Accountant with over 20 years' financial markets experience. Since joining the Board Jane has been a keen participant in meetings often bringing a new perspective to discussions.

Jane will assume the role of Chair of the Audit Committee following the retirement of Charlotta Ginman from the Board expected to be in 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

Stephen is non-executive director and Chairman of Brown Advisory US Smaller Companies Trust plc. He is also non-executive director and chairman of the audit committees of BlackRock Frontiers Investment Trust plc and Aberdeen New India Investment Trust plc.

### PCT Share Interests

10,000

### Annual Remuneration Financial - year ended 2022

£31,500

### 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.

## Technology Investment Team



**Ben Rogoff**

**Partner, Technology**

Ben has been a technology specialist for 26 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, Technology**

Nick joined Polar Capital in 2007 and has 24 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, Robotics, 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**

**Fund Manager**

**Focus areas: Software, Fintech / Payments**

Alastair joined Polar Capital in June 2019 and has 11 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, 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.



**Bradley Reynolds**  
Investment Analyst

**Focus area: Internet**

Brad joined Polar Capital in 2011 as an Analyst and Trader working within the European Market Neutral team with a focus on media and internet, he has 14 years' investment experience. In 2014, he joined the Technology team as an Investment Analyst. Brad graduated from the University of Hertfordshire with a degree in Business Studies.



**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.

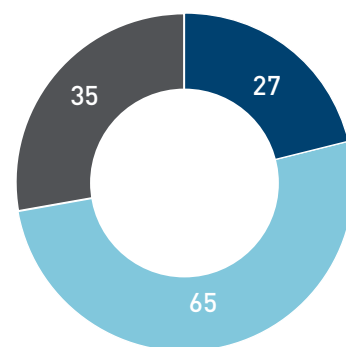


**Patrick Stuff**  
Investment Analyst

**Focus area: Artificial Intelligence, Industrial**

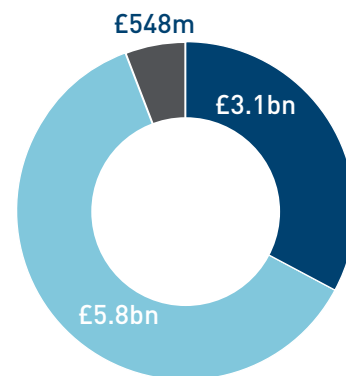
After graduating from the University of Warwick with a BSc in Economics, Patrick joined Polar Capital as an Operations Executive, where he provided operational support to all fund management teams at Polar, including the Technology team. During this time Patrick successfully passed all three levels of 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)**



- Ben Rogoff
- Fund Managers (x4)
- Investment Analysts (x4)

**The team collectively manage £9.4bn in assets**



- Polar Capital Technology Trust
- Polar Capital Global Technology Fund
- Automation and Artificial Intelligence Fund

As at 30 April 2022

# Manager's Report



## Investment Manager's Report



**Ben Rogoff**  
Partner, Technology



An unexpected monetary *volte-face* by policymakers amid persistently high inflation weighed on equity markets and valuations during the year.



### Market Review

An unexpected monetary *volte-face* by policymakers amid persistently high inflation weighed on equity markets and valuations during the year. However, losses were more than offset by pronounced US dollar strength which gained more than 12% on a trade-weighted basis and more than 9% against the British Pound (GBP). As a result, the MSCI All Country World Index over the year to 30 April 2022 gained 4.3% in sterling terms, aided by a strong first half characterised by economic reopening, upward earnings revisions, and rampant M&A.

The strength of the US dollar mirrored sharply higher US interest rate expectations following the revelation in November that the Fed no longer believed inflationary pressures were 'transitory'. Energy prices likely played a part in driving this *Fed Pivot* as oil and commodity prices rose 79% and 54% respectively during the year. Higher risk-free rates (10-year US Treasury yields increased from 1.6% to 2.9%) resulted in a much more challenging fiscal second half with negative headline returns failing to capture the magnitude of the correction experienced by the average stock. While the US, as measured by the S&P 500 Index, gained 10.2% (and 0.2% in local terms), drawdowns were significantly greater elsewhere, including Europe (Eurostoxx 600 +2.3%), Japan (Nikkei 225 -12.0%) and Asia ex-Japan (MSCI Asia ex-Japan -12.9%) (all returns in sterling terms, unless otherwise stated). Weakest performance was reserved for Chinese stocks (MSCI China -29.8%) where a deluge of regulatory changes and market unfriendly developments took their toll on investor sentiment and lockdowns in Shanghai towards period end reflected the challenge posed by the omicron variant to China's zero-COVID policy.

Small-cap indices meaningfully underperformed during the year, with the Russell 2000 (small cap) declining 9.6% while the Russell 1000 (large-cap) advanced by +6.2% (both in sterling terms). Breadth also continued to deteriorate with just c.25% of NYSE stocks trading above their 200-day average at year-end, compared to 58% a year earlier.

The first half of the year saw markets grind higher amid economic reopening, positive earnings revisions, and record equity inflows. This was possible due to worldwide vaccination programmes that succeeded in breaking the link between COVID-19 infections and deaths. Economic recovery was most evident in consumption trends and in labour market strength, the US unemployment rate falling below 5% by September before returning to pre-COVID levels by year end. The recovery trajectory was complicated by waning fiscal stimulus and labour shortages, exacerbated by the combination of limited improvement in the labour participation rate and early retirement (aka the 'Great Resignation'). However, the most significant headwind was commodity shortages and soaring energy prices with oil surpassing \$80/barrel in November for the first time since 2014, while US producer prices rose 8.3% y/y in August, the largest year-on-year increase on record. The combination of shortages and a surfeit of freshly printed liquidity saw CPI increase 5% y/y in May – the fastest growth in consumer prices since August 2008. This led to the June FOMC 'dot plot' implying two rate hikes in 2023, up from zero in March, and, in October, the Fed signalled that it could begin scaling back asset purchases in November. However, equity markets were able to shrug off these negative developments largely due to the Fed maintaining its earlier 'transitory' stance and persistently negative real rates supporting equity multiples.

The emergence of the highly mutated Omicron variant in November was an inauspicious start to what proved a very challenging fiscal second half. In the same month, recently re-nominated Fed Chair Jerome Powell performed a remarkable *pivot* regarding inflation, declaring “it’s probably a good time to retire that word transitory”.

While the milder variant of COVID likely contributed to a “more hawkish variant of the Fed”, it was November’s CPI print (+6.5% y/y) – the highest reading since 1982 – that likely forced Powell’s hand. Hawkish monetary developments dominated the balance of the year, with the Fed first moving to double the pace of tapering in December. An inflation shock morphed into a rates shock as the release of FOMC minutes in January raised the spectre of rate hikes and quantitative tightening (QT) “sooner or at a faster pace than participants had earlier anticipated”.

The first US rate hike since 2018 was also delivered in March, three months after the UK became the first G7 economy to raise interest rates since the pandemic began. By the end of April, markets had priced in Fed Funds at 250bps having anticipated zero rate hikes little more than a year earlier, and 10-year US Treasury yields had backed up to 2.9%, almost doubling during the first four months of 2022. The persistence of inflationary pressures saw other central banks adopt more hawkish positions too, forcing rates higher.

Long-duration stocks felt the full force of this monetary about-turn with the earlier tremor in weaker, more speculative names turning into a full risk-off episode across high growth and long duration names. This was particularly true within small caps where growth stocks trailed value by more than 20% during the year.

In addition to the human tragedy associated with the invasion of Ukraine, the conflict added untimely upside pressure to inflation and downside risk to global growth forecasts. Reflecting the elevated risk of so-called ‘policy error’ (the Fed tightening against this most uncertain of backdrops) the two-year versus 10-year Treasury yield spread briefly inverted during March, something often seen as a precursor to a recession.

## Technology Review

Calendar year 2021 proved a strong recovery year with worldwide IT spending +9% y/y as compared to earlier estimates of +6%. Upside to 2021 forecasts saw the technology sector deliver revenue and earnings growth of 15.7% and 28.9% y/y respectively, well ahead of estimates this time last year of 10.1% and 17.5%. As a result, technology revenue growth ended up only narrowly behind the market (16.5%) although earnings trailed significantly as the market delivered 47.5% growth. This was unsurprising given more difficult comparisons and less incremental leverage in the technology sector. Despite better-than-expected IT spending, **technology stocks trailed the broader market during the fiscal year**, the Dow Jones World Technology Index declining 1% in sterling terms (total return) due to fading pandemic tailwinds, tough comparisons and extreme factor rotation following the shift in Fed policy. However, and even more extreme than in the broader market, returns were dominated by US stocks which increased 6.6% while non-US technology stocks (as measured by the W2TEC index) fell 22% during the year. Small caps also significantly underperformed, the Russell 2000 (small) technology index declining 10.1% while large-caps (as measured by the Russell 1000 technology index) advanced 6.9%, both in sterling terms. Moreover, US relative strength was driven by an even narrower group of megacap stocks that continued to deliver strong growth against a less uniformly positive backdrop while also enjoying strong ESG-related equity inflows. At year end, just 19% of NASDAQ stocks were trading above their 200-day moving average. Higher multiple, long duration stocks saw very significant multiple compression down from their November highs, as the most expensive quintile of the US technology sector fell -47% while the least expensive (value) quintile only declined -8% through our fiscal year end.

At the sector level, strongest performance was enjoyed by the semiconductor sector as demand remained strong amid chip shortages despite concerns about double-ordering and the durability of the cycle. Strong capex growth (+20% y/y) at the hyperscale public cloud companies led to continued strength in cloud data centre capex benefitting both AMD (+15%) and Nvidia (+36%). While most of the automotive industry struggled with the global chip shortages, Tesla (+35%) enjoyed a stellar period delivering a record number of vehicles and record margins in Q3 and Q4 against a supportive backdrop for electric vehicles.

## Investment Manager's Report continued

Value-oriented sectors such as networking (aided by datacentre strength) and hardware also performed well, the latter benefitting from outstanding performance from Apple (+32%), which proved able to deal with ongoing supply constraints to fulfil steady consumer demand for its products. Software stocks trailed (IGV-9%), with average returns significantly worse than headlines due to Microsoft (+21%) as the sector suffered material multiple compression amid higher rate expectations. This trend accelerated into calendar year 2022, which saw software EV/NTM (Enterprise Value / Next Twelve Months) sales multiples compress by 42% by the end of April to an average of 8x. Private Equity buyers stepped in to take advantage of the weakness with Thoma Bravo bidding for Sailpoint (13.4x forward sales) and Anaplan (13.9x forward sales).

Weakest performance was reserved for Internet stocks (and other 'work from home' beneficiaries) which struggled with reopening, difficult comparisons, changes to user tracking, supply chain travails and (towards period end) consumer spending concerns. While the sector struggled (particularly in China, where a series of regulatory crackdowns weighed heavily) the average stock suffered far more than headlines suggest with NASDAQ CTQ Internet Index returning -37%, while Alphabet delivered positive returns (+5%). Softer ecommerce trends and the impact of waning fiscal stimulus checks put pressure on the ecommerce and payments space, including PayPal (-63%) and Shopify (-60%). Amazon (-21%) was not immune as strong AWS results were not enough to offset concerns around ecommerce pull forward and the profitability of its retail business.

Public cloud results remained very solid as the three major public cloud operators (Amazon AWS, Microsoft Azure, Google GCP) reached a collective annual revenue run rate of c.\$140bn, up +41% y/y. Many of the bellwether WFH and lockdown beneficiaries more than reversed out earlier gains as companies such as Netflix, DocuSign, Peloton and Spotify broke below pre-COVID levels despite strong growth in their revenues and user bases in the intervening period. The most speculative areas of the market saw the largest drawdowns. The GS Non-Profitable Tech Index returned -47% and the ARK Innovation ETF delivered -57% during the year as investor enthusiasm for 'TAM' (Total Addressable Market) stories abated in the context of more persistent inflation and a higher rate outlook.

## Portfolio Performance

The Trust underperformed its benchmark with the net asset value per share falling -7.7% during the fiscal year versus a decline of -0.9% for the Dow Jones World Technology index. The Trust's share price fell by 13.7% reflecting the additional impact of the discount widening from 5.3% to 11.5% during the period. We continue to monitor the discount and the Trust bought back 4.19m shares during the period.

The year was dominated by the reversal of fortunes in high growth / long-duration stocks that were challenged by the combination of reopening headwinds and supply chain travails as well as sustained valuation compression amid soaring energy prices, rampant inflation, higher risk-free rates, and increased risk of recession. As such, adverse stock selection (largely associated with our growth-centric investment approach) was responsible for most of the Trust's underperformance as investors rotated away from smaller, longer-duration assets in favour of more solid, lower-multiple assets. In addition, a handful of mega-cap stocks that explain a large part of our benchmark including Alphabet (+5%), Apple (+33%) and Microsoft (+22%) delivered strong positive returns while smaller-cap peers fell significantly. Given that we are underweight in these names compared to the benchmark, their relative strength dragged on our relative performance. More broadly, the underperformance of smaller companies, which we were overweight relative to the benchmark, during the period acted as a meaningful performance headwind. On the positive side, our average cash position of 5.3% added 95bps of performance (aided by USD strength) although our NDX puts dragged by -17bps for the full year, despite strong recent positive contribution. Asset allocation also benefited from an underweight exposure to China which underperformed following increasingly hostile government scrutiny of technology platforms and (towards period end) economic weakness due to lockdowns.

At the stock level, weakest relative performance was delivered by earlier COVID beneficiaries that suffered a stark reversal in fortune during the year. These included ecommerce companies such as Amazon (-21%) and HelloFresh (-31%) as well as digital payment platforms such as PayPal (-53%) and Square (-55%), which similarly struggled with the slowdown in online sales and the withdrawal of government stimulus.

Two of our largest stock detractors were Internet stocks: Netflix (-59%) which struggled to maintain its earlier subscriber momentum growth amid reopening; and Snap (-49%) which was hurt by user-tracking changes made by Apple. Software companies that had previously enjoyed tailwinds associated with remote and hybrid work also experienced significant drawdowns typified by DocuSign (-60%) and Twilio (-66%). Other software stocks also struggled with valuation compression that more than offset fundamental progress, while a few were punished following more mixed execution including Okta (-51%) and Elastic (-30%). Long-duration stocks were particularly weak as sentiment reversed as risk free rates rose, which negatively impacted companies such as 10x Genomics (-73%) and Guardant Health (-57%). As ever, there were also a few genuine disappointments such as Chegg (-70%) Everbridge (-64%) and 2U (-72%), although these were mostly contained to the portfolio tail. However, the most significant stock level detractors were our underweight positions in Apple (+32%) and Microsoft (+21%) which combined cost nearly -240bps relative, despite strongly contributing to absolute returns.

In terms of positives, the Trust benefitted from the outperformance of cybersecurity stocks which enjoyed strong fundamentals and positive sentiment (buttressed by events in Ukraine) in contrast with software peers. Noteworthy performances were delivered by Tenable (+61%), Cloudflare (+12%) and CrowdStrike (+5%). Companies exposed to strong cloud capex /datacentre spending also performed well including Arista Networks (+61%), AMD (+15%) and Marvell Technology (+41%). Electric vehicle (EV) plays such as Tesla (+35%) and BYD (+60%) continued to benefit from strong adoption trends while managing to avoid too much supply chain disruption. The Trust also benefited from its underweight exposure to Chinese stocks with Alibaba (-54%) the largest individual positive contributor (c.88bps) to relative performance. Strong performance from E-Ink (+172%) is deserving of mention as the Taiwanese manufacturer delivered strong growth aided by Walmart's adoption of its electronic shelf labels.

### Portfolio Changes

While our core themes (and our growth-centric approach) had previously mapped well to the pandemic, we continued to realign the portfolio to better position it for reopening. This resulted in us significantly reducing our exposure to earlier work-from-home (WFH) beneficiaries, many of which suffered spectacular reversals.

This resulted in us exiting positions in Adyen, Avalara, Delivery Hero, Fiverr, Kahoot!, ON24, Peloton, Shimano, Wise and Zalando during the year. We also significantly reduced exposure to longer-duration stocks post the Fed pivot in November, exiting Affirm, Pinduoduo and Sea. On the positive side, we continued to add to our semiconductor exposure reflecting myriad thematic drivers (including AI and EV) as well as the ongoing demand-supply imbalance. Changes to the portfolio made during the year meaningfully ameliorated underperformance with the Trust's actual return more than 4.5% ahead of what a static (i.e. unchanged) portfolio would have delivered.

### Market Outlook

With the worst of the pandemic apparently behind us, investors could be forgiven for thinking that recovery might have been more straightforward. Instead, we are faced with a more uncertain macroeconomic backdrop than at any stage since the pandemic and – given the loss of policymaker support – arguably since the Great Financial Crisis (GFC). As recently as January, the IMF was forecasting **global growth** of 4.4% and 3.8% in 2022 and 2023 respectively – a deceleration from an estimated 6.1% in 2021 – reflecting higher interest rates, slower US growth and troubles in China. However, the **invasion of Ukraine** in late February has seen growth forecasts contract further while resultant soaring food and energy prices have led to inflation expectations of 5.7% in advanced economies and 8.7% in emerging markets this year, significantly ahead of earlier forecasts. Beyond the tragic humanitarian consequences of the war, the conflict has also highlighted Europe's reliance on Russian energy with the EU receiving nearly 40% of its gas and more than a quarter of its oil from Russia. With the war ongoing (and with systemic risk thus far avoided), higher commodity and energy prices will be the primary mechanism for how the conflict affects the global economy. While Russia only explains c.1.6% of global GDP, it is the world's largest exporter of natural gas (c.20% global share) and the second largest exporter of crude oil. Russia is also the largest exporter of wheat (c.20% share) and supplies c.10% of the world's copper and aluminium and 40% of palladium. **Consumer spending** is being challenged by higher energy costs with UK families said to face the biggest real income squeeze in nearly 50 years. In the US, a gallon of gas recently exceeded \$5 – the first time ever – with negative implications for disposable incomes and consumer confidence which recently fell to a decade low.

## Investment Manager’s Report continued

### IMF World Economic Outlook, April 2022

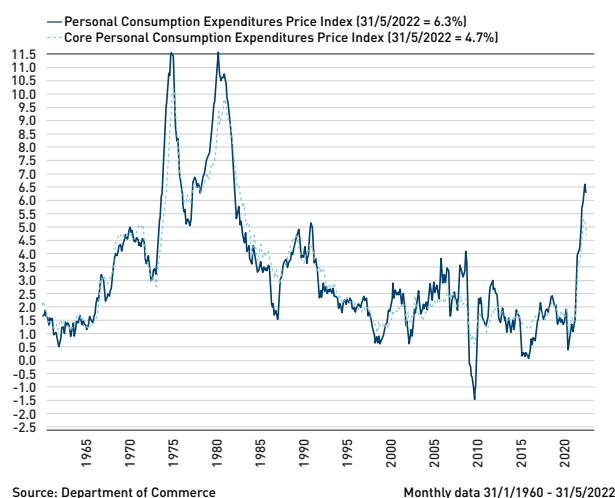
(real GDP, annual percent change)	PROJECTIONS		
	2021	2022	2023
<b>World Output</b>	6.1	3.6	3.6
<b>Advanced Economies</b>	5.2	3.3	2.4
<b>United States</b>	5.7	3.7	2.3
<b>Euro Area</b>	5.3	2.8	2.3
Germany	2.8	2.1	2.7
France	7.0	2.9	1.4
Italy	6.6	2.3	1.7
Spain	5.1	4.8	3.3
<b>Japan</b>	1.6	2.4	2.3
<b>United Kingdom</b>	7.4	3.7	1.2
<b>Canada</b>	4.6	3.9	2.8
<b>Other Advanced Economies</b>	5.0	3.1	3.0
<b>Emerging Market and Developing Economies</b>	6.8	3.8	4.4
<b>Emerging and Developing Asia</b>	7.3	5.4	5.6
China	8.1	4.4	5.1
India	8.9	8.2	6.9
ASEAN-5	3.4	5.3	5.9
<b>Emerging and Developing Europe</b>	6.7	-2.9	1.3
Russia	4.7	-8.5	-2.3
<b>Latin America and the Caribbean</b>	6.8	2.5	2.5
Brazil	4.6	0.8	1.4
Mexico	4.8	2.0	2.5
<b>Middle East and Central Asia</b>	5.7	4.6	3.7
Saudi Arabia	3.2	7.6	3.6
<b>Sub-Saharan Africa</b>	4.5	3.8	4.0
Nigeria	3.6	3.4	3.1
South Africa	4.9	1.9	1.4
<b>Memorandum</b>			
<b>Emerging Market and Middle-Income Economies</b>	7.0	3.8	4.3
<b>Low-Income Developing Countries</b>	4.0	4.6	5.6

Source: IMF, World Economic Outlook, April 2022

Note: For India, data and forecasts are presented on fiscal year basis, with FY 2021/2022 starting in April 2021. For the April 2022 WEO, India’s growth projections are 8.9 percent in 2022 and 5.2 percent in 2023 based on calendar year.

Sharply higher energy prices also pose a new and substantial risk to an **inflationary backdrop that had already become problematic**. As previously discussed, **inflation has soared almost everywhere** with annual CPI growth rates in the US and Europe at multi-decade highs. Originally understood as a supply shock due to COVID-related disruption, the past year has seen higher prices become more pervasive and less transitory. As previously mentioned, US CPI reached +6.5% in November, while in the same month, Eurozone inflation came in at +4.9% y/y, way ahead of the ECB’s earlier forecast of +1.5% for 4Q21. Tight labour markets have also led to **wage inflation**, with unit labour costs +6.3% y/y in 3Q21, the biggest increase since 1982. As a result, the narrative has shifted to inflation as a demand problem caused by stimulus, excess savings, and pent-up demand which, when paired with more inelastic supply, has created a “perfect storm of higher prices”.

### Consumer Price Indices (1960 – May 2022)



Since the start of the pandemic, highly accommodative fiscal and monetary policy designed to prevent financial collapse has ‘flooded the economy and financial markets’ with unprecedented liquidity. Between February 2020 and November 2021, M2 rose \$6trn to \$21.4trn – equivalent to almost a year’s worth of nominal GDP, a record. **Excess liquidity** was recently estimated at c.\$3trn while fiscal support packages have seen government deficits balloon. In the US, the federal budget deficit reached c.\$2.8trn, almost three times the 2019 level. The Fed’s balance sheet has expanded by almost \$5trn too, reaching a record \$8.7trn

by the end of the calendar year. While the Fed may have “greatly miscalculated” the inflationary impact of earlier stimulus, they could not have known the pandemic would result in a **labour supply issue**. Just two years ago the pandemic was said to have “triggered one of the worst jobs crises since the Great Depression”. Instead, and despite the US economy being 1.4% larger than it was pre-pandemic, there are still 3.6 million fewer people in jobs and nearly 1.9 job openings per job seeker. This is largely the result of the 3m additional ‘early retirees’ equivalent to c.2% of the US workforce (aka the ‘Great Retirement’), another pandemic-related twist which has accelerated the labour market recovery timeline. As a result, wages are rising, with the National Federation for Independent Businesses (NFIB) recently reporting a record net 48% of small businesses increasing worker compensation. Despite this, labour force participation remains subdued at 62.3% (as compared to c.63% pre-pandemic) leading to massive employee churn (aka the ‘Great Resignation’). Labour shortages may persist which will put further upward pressure on wages and could presage a self-reinforcing wage-price spiral unless productivity growth improves significantly.

As such, a US tightening cycle was necessary to prevent inflation becoming more embedded in the labour market. While the Fed may appear behind the curve, **inflation expectations appear to remain relatively well-anchored**. The Fed will want to keep it that way; to fail to have pivoted after the November data “would have risked Powell’s rhetoric degenerating into self-parody”. Since then, **rate hikes have begun with further increases anticipated this year and next**. The decision by the ECB in early March to accelerate tapering despite events in Ukraine highlighted the fact that central banks will (and should) **always prioritise credibility over policy error risk**. As such, we expect Powell to “do whatever it takes” to becalm inflation but do not anticipate a Volcker re-run given the very different backdrop with one notable exception – soaring energy prices. Regardless, it is difficult to see how central banks can come to the rescue of markets with interest rates near zero. Moreover, reducing inflation has become an increasingly important political focus, and a more important consideration than bailing out equity investors. At some point concerns about **reflexivity** will resurface but there is no obligation for the Fed to act and, in any case, we know it failed twice to stop selloffs of as much as 50% in the bear markets that ended in 2002 and 2009.



## Investment Manager's Report continued

Until recently, our base case was slowing growth rather than stagflation or recession. However, we have to acknowledge the increasing risks posed to this relatively sanguine view by tighter monetary conditions, war, and soaring energy costs. For now, we are encouraged by earnings expectations that have remained relatively robust with growth in earnings and revenues this year forecast at 7.7% and 11.5% respectively. While these forecasts may prove stale and subject to downward revision, it is worth recalling that while GDP is measured in real terms, earnings estimates are nominal. As such, inflation currently represents a greater risk to multiples than to corporate earnings. Of course, much depends on the durability of cycle-high corporate **profit margins** given an increasing number of cost pressures. We continue to keep a close eye on the direction of operating earnings given its strongly positive (0.94) correlation with the S&P 500.

Following the recent market correction, **valuations** look less problematic today with the S&P 500 trading at c.15.8x forward earnings as compared to last year when we noted they were "somewhat extended" at c.23x. As a result, US stocks now trade below both five-year (18.6x) and 10-year (16.9x) averages. However, this year we are forced to consider valuations against a very different inflation backdrop. That said, we are somewhat willing to look through current elevated inflation because longer-term expectations remain well anchored and because the Fed is alive to inflationary risk. Equity valuations should also be somewhat supported by a paucity of alternatives. Compared to bonds, the **Fed Model** suggests stocks are c.50% undervalued compared to Treasuries, and c.20% undervalued versus investment-grade credit. **Cash** continues to look unattractive with negative real returns guaranteed in most major markets, although elevated levels of equity market volatility have added to its relative lustre.

**Upside risk** could manifest via the **cessation of hostilities in Ukraine** - unlikely in the very near term but possible in time. While a return to the prior equilibrium enjoyed between Russia and the West appears impossible, an end to hostilities could significantly ameliorate current market uncertainty, calm energy prices, and meaningfully reduce the risk of escalation. **Structural inflation fears may also be overdone** with many of the imbalances that existed prior to the invasion of Ukraine appearing pandemic-related: pent-up demand boosted by household savings bloated during COVID, supply-chain challenges frustrated by uneven vaccine availability and draconian approaches to COVID containment, particularly

in China. Heightened labour market churn also appears to be somewhat pandemic related with the pursuit of more flexible work and/or relocation important reasons for changing jobs. Reopened borders and easier international travel may also ameliorate labour shortages in lower-paid work where wage growth has been strongest. This malalignment of demand and supply is reminiscent of the post-war period when the end of price controls saw CPI leap from 1.7% in February 1946 to a peak at 19.7% in March 1947, before plunging to zero in 1949. The cause of this volatility was a combination of pent-up demand, as soldiers were demobilised, and plunging industrial production, as factories retooled from armaments to consumer goods. Two years later, production rebounded dramatically, helping to bring inflation down. A similar experience also occurred during the Korean War. **Both of these episodes revealed that inflation can rise and fall very quickly without inflation expectations being permanently altered.** Fed Chair Powell may have been alluding to this possibility when he stated that "appropriate monetary policy in this environment requires a recognition that the economy evolves in unexpected ways".

**Other positive impulses** include the so-called 'CFO put' with S&P companies sitting on \$2.4trn in cash and other liquid assets. Leverage at public companies (as measured by net debt/EBITDA) is back at 2014 lows which should support capital spending, higher dividends and stock repurchases. It should also fuel greater M&A activity with private equity additionally said to have c.\$2.3trn of 'dry powder' cash reserves. During 2022, we have seen private equity spend more than \$34bn acquiring three software vendors - Citrix, SailPoint and Anaplan. A return of strategic M&A may also prove supportive too, with \$95bn of gross transaction value announced in the videogaming industry alone this year following Microsoft's \$69bn bid for Activision Blizzard and Take-Two's \$13bn bid for Zynga. In early March, Google also announced the \$5.4bn cash acquisition of cybersecurity company Mandiant. **We also see many of the conditions necessary for a rally falling into place:** the IPO market is essentially shut, and investor sentiment is at post-1992 lows (a recent AAI survey of US retail investors revealed that just 15% of investors are bullish). Small caps have underperformed considerably from highs and new issues have been smashed as the GS Recent Liquid IPO Index has halved from November highs, both of which have typically been preconditions of previous rallies.

## Market Risks

While COVID remains a wildcard, war, inflation, and recession represent the most significant interconnected risks this year. In terms of **COVID**, we continue to believe the worst of the pandemic is behind us thanks to vaccine rollouts that have broken the link between cases and mortality, as well as the link between cases and behavioural adjustments. Put differently, most people appear to have concluded that the health risks associated with COVID are no longer significant enough for them to change their behaviour. As long as *Omicron* remains the dominant strain, our base case is a continuation of the transition from pandemic to endemic disease. The main risk to this is a significantly different new variant that changes the trajectory of the virus. In addition, current lockdowns in China – where omicron is challenging the efficacy of local vaccines and the zero-COVID policy - are a pertinent reminder that COVID is likely to continue disrupting life and supply chains for the foreseeable future. We also **cannot know how the Ukraine conflict will evolve**. At the same time, China will be watching closely given its One-China Principle is similar to Putin's desire to rebuild a Greater Russia. There is also a real (if small) risk of escalation (evidenced by potential NATO enlargement) – a chilling prospect given Russia controls the world's biggest nuclear arsenal and has been unafraid to sanction the use of chemical weapons in Syria.

The conflict also poses additional risks to the prevailing investment backdrop. History says we should expect **higher inflation**: as the saying goes, "war is inflationary; peace is deflationary". Put differently, the pursuit of both "guns and butter" comes at an inflationary cost. In the US, inflation spiked during the War of 1812, the American Civil War, WWI, and WWII through the end of the Cold War. We might also do well to consider the implications of permanently higher **defence spending** and the potential for a **new arms race**. If so, this may coalesce around **hypersonic weapons** which reduce the effectiveness of existing ballistic missile defence systems. With the potential to derail the theory of deterrence based on mutually assured destruction (MAD), **higher defence budgets** look inevitable. Germany has already announced an immediate €100bn budget to modernise its army and an ambition to exceed a target of 2% of GDP in defence spending (from c.1.5% today). This pivot is significant, as was the recent decision by some ESG funds to allow defence stocks within their investment remits. During the Cold War, the US spent around 7% of GDP on defence which détente saw fall to c.2.8% today. The war in Ukraine has drawn a line under that peace dividend with US defence spending already forecast to rise towards 3.5-4% over the coming years.

War in Ukraine has also highlighted Europe's dependence on Russian oil and gas, particularly in Germany where 65% of gas comes from Russia. Naturally, this has brought **energy security** to the fore and Europe's urgent need to reduce this vulnerability. While this should accelerate the **clean energy transition**, the reality is that it takes a lot of alternative energy to replace gas. The invasion has so shaken Germany that its economic minister from the Green Party is reviewing the possibility of keeping both coal and nuclear plants online to reduce dependence on Russian energy. We are excited about the opportunity to participate in another wave of environmental technology spending, but the climate transition also represents another "slow-moving negative supply shock" because it embeds the cost of carbon emissions in production prices. It is also another reminder we may already be past **peak globalisation**. This process arguably began with Brexit and Trump's tariff wars but stepped up a gear with COVID when the world's interdependence was tested. Vaccine nationalism was a particularly difficult moment, while post-pandemic challenges have further highlighted the risk associated with **global supply chains** built on hyper-specialisation and finely-tuned just-in-time (JIT) inventory management. The risks to US equities from a decline in globalisation are not insignificant: Bank of America estimates that globalisation has driven more than half of all margin expansion due to lower COGS on exports, taxes, and labour.

More significantly, the risk is that peak globalisation is part of **broader inflation regime shift**. In recent years we have seen a wave of populism presage significant minimum wage increases and social unrest, while a number of COVID policy responses in the developed world (such as massive transfer payments indirectly financed by central banks) represent a "generational shift in fiscal policy". The demand for more flexible work post-pandemic is also perhaps symptomatic of a recalibrated relationship between labour and capital that could persist. Taken together, these factors represent a significant challenge to the disinflationary era that has been in place since the early 1980s. Finally, we might highlight **the long-term risk posed to the dollar-based system** following the freezing of Russian US dollar reserves, described as "the weaponization of money". While a paucity of alternatives suggests limited immediate risk to the dollar's reserve currency status, so-called 'de-dollarisation' could become a key theme in an "increasingly multi-polar and potentially more contentious world".

## Investment Manager’s Report continued

### Technology Outlook

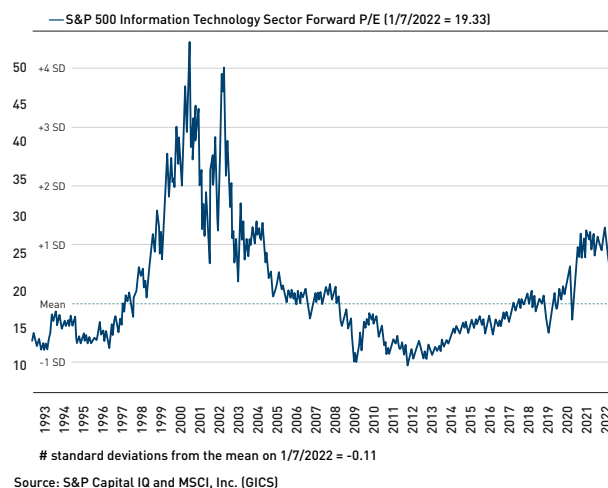
#### Earnings outlook

After increasing 9% in 2021, worldwide IT spending is expected to reach \$4.4trn this calendar year representing an increase of 4.0%, in current dollar terms. However, this forecast has already been revised lower from +5% forecast in January reflecting deepening geopolitical and macroeconomic risks. For 2022, the technology sector is expected to deliver revenue and earnings growth of 11.2%/12% while the S&P 500 is forecast to grow at 9.8%/10.3% respectively. These forecasts do not look unreasonable, particularly after a solid Q1 results seasons that at the time of writing has seen the sector deliver 11.7% y/y revenue growth. However, guidance has been more mixed than usual, likely reflecting inflation, supply chain challenges, USD strength and the impact of the conflict in Ukraine. These headwinds come at a tricky time for the technology sector’s net profit margins which are elevated at c.25% as compared to the five-year average of 21.8%. Sustained US Dollar strength could challenge revenue estimates given the sector’s international exposure of 59% (the highest of any sector) vs. 41% for the market.

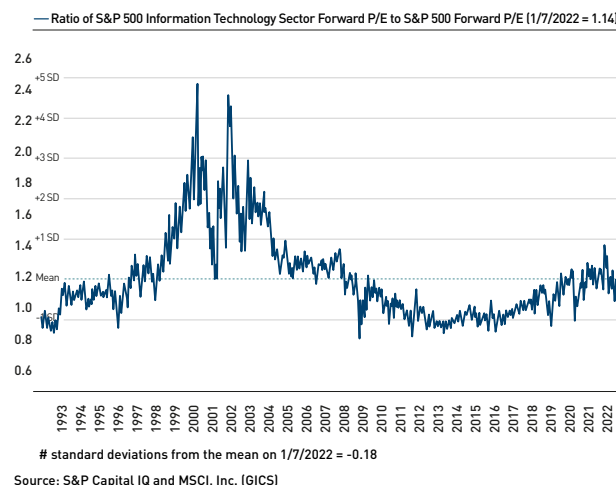
#### Valuation

Having made a new cycle high of 28x ahead of the Fed Pivot in November 2021, technology valuations have been in retreat. Today, the forward P/E of the technology sector is c.19 – considerably less than this time last year (26x), below the five-year average (21.7x) but still ahead of the 10-year (18.2x) average. In addition, technology remains the best-capitalised US sector and the only one with net cash. The sector’s relative rating has also contracted from post-2004 highs of 1.4x registered in late 2021. Today, technology stocks trade at 1.1x the market PE multiple, towards the middle of its post-dotcom bubble range of 0.9-1.4x and a far cry from levels seen during the dotcom bubble, when the sector traded at more than twice the market multiple. However, as we have long argued, aggregate valuations continue to be diluted by ‘cheap’ incumbents such as HP and Intel (and now arguably Meta / Facebook) that trade on P/E’s of between 7-13x.

### S&P Information Technology Forward PE, as at 1/7/22



### S&P Information Technology Relative Forward PE as at 1/7/22



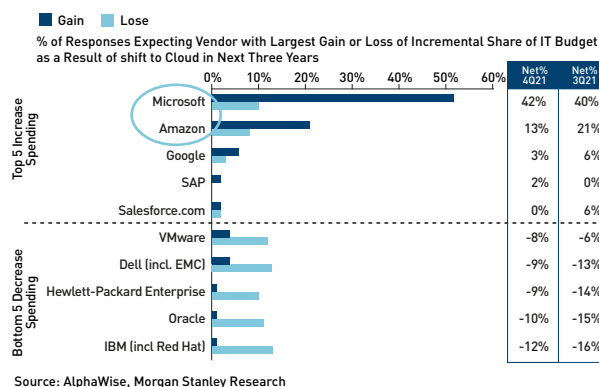
Last year, we highlighted how the technology story had hardly gone unnoticed, evidenced by next-generation valuations that had expanded to cycle highs, revisiting levels not seen since the late 1990s. While this group of stocks boasted unusual growth profiles, we cautioned that elevated valuations also reflected several late-cycle features – elevated retail participation, SPAC issuance, concentrated portfolios and ‘classic late-cycle exuberance’ that had coalesced around long-term ‘total addressable market’ (TAM) investing. Since then, those pockets of exuberance have been truly burst including ARK (a proxy

for TAM investing) which peaked in February 2021 – a full nine months before our own benchmark made its highs – and has subsequently suffered peak-to-trough decline of c.77%. SPACs have fallen by c.50%. At time of writing, valuations across the SaaS space have more than halved across all growth groups. While we have been nervous about high-growth valuations, our own base case did not envisage a derating that would be as deep or dramatic as it is currently proving; what began as an overdue valuation reset has gathered momentum of its own as investors have begun to question the durability of growth and even the validity of some companies' non-GAAP profitability given high (and persistent) levels of share-based compensation. While macroeconomics and the Fed pivot have played a significant part in this, it has been the reversing fortunes of the working from home (WFH) and other pandemic beneficiaries that began this process.

### Spending Priorities / Favoured Themes

Although next-generation valuations are currently under pressure, IT **spending priorities** are unlikely to change nearly as dramatically. Indeed, a recent JP Morgan survey of 142 Chief Information Officers (CIO) responsible for \$114bn spend expect IT budget growth of +5.3% and +5.7% in 2022 and 2023 respectively, versus c.4.8% expected during the pandemic. The survey (and others like it) support the view that IT budgets continue to be reallocated in favour of new technologies. Cloud computing remains the number one IT priority, while other high priority areas include security, digital transformation, analytics, collaboration, and AI. Demand for IT services also remains strong due to accelerated digital demand and the constrained talent environment. In contrast (and at the margin) there does appear to be some levelling off in spend intentions for communications software likely due to reopening/WFH digestion. Hardware also remains one of the slowest growth areas, with PCs seeing a deterioration in CIO prioritisation post-WFH, while the cloud shift continues to represent significant longer-term risk.

### Expected IT budget gainers / losers among select vendors



More broadly, and consistent with previous years, legacy technologies, and vendors such as IBM, Oracle and Dell are expected to remain market-share donors despite their best efforts (and M&A) to reinvent themselves. At a time when growth stocks are under sustained pressure, this is a good reminder of why value investing within technology is something of a Faustian pact (and why we avoid it). Instead, we construct our portfolio around seven core themes: internet advertising / ecommerce, software-as-a-service, cloud infrastructure, cybersecurity, data economy / AI, digital entertainment and connectivity/5G. In addition, we have exposure to a number of secondary themes including fintech/ payments, automotive, clean energy, and medical technology. We are also excited about the long-term disruptive potential of **emerging themes** such as blockchain and the metaverse.

### Technology Risks

As ever, there are multiple risks to our constructive medium-term view. Many of these relate to **macroeconomics** (recession; inflation; war, and others) that are covered broadly elsewhere. In addition, we should highlight the risk to technology spending should CEO confidence meaningfully deteriorate. Despite survey results suggesting otherwise, there could be some risk to **cloud spending** should earlier-stage companies/unicorns spend less aggressively. Other 'big picture' risks include widespread **component shortages** and **labour market** tightness. **Valuation** is another risk because even after this atypical correction, technology stocks have retraced back to average, rather than cheap territory versus history. While **earnings progress** is expected to moderate this year, numbers look at risk of downward revision given the weaker global growth outlook and US Dollar strength while record **technology margins** could

## Investment Manager's Report continued

be challenged by soaring input prices, tight labour markets and/or reopening (as companies give up or reinvest some of their pandemic savings).

As we warned last year, a **steeper yield curve** (noticeably absent at present) is unlikely to prove good news for technology stocks. **Regulation** remains a key risk with events in China after the aborted IPO of Ant a salient reminder of regulatory risk. That said, we are comforted by the existence of due legal process in liberal democracies painfully absent elsewhere. However, we would not be surprised to see a resurgence in regulatory scrutiny in the US post-COVID. While legislation will not be easy to pass, restrictive legislation has already been proposed by members of both parties that focus on app stores, first party/third party seller conflicts and responsibility for content on internet platforms (revising Section 230). We expect 'Big Tech' and their natural monopolies to continue to invite scrutiny and the drumbeats in Washington to grow louder over the coming year ahead of key lawsuits slated for 2023.

### Concentration Risk

In addition to market and sector specific risks, it would be remiss of us not to remind our shareholders about the concentration risk both within the Trust and the market-cap weighted index around which we construct the portfolio. At the end of June, our three largest holdings – Microsoft, Apple and Alphabet – represented c.28.5% of our NAV and c.41.3% of our benchmark respectively. Five years ago, our top three positions (Alphabet, Apple and Microsoft) accounted for c.22% of NAV and c.30% of our benchmark. The higher concentration of both our portfolio and benchmark reflects the spectacular performance of a handful of stocks that captured the zeitgeist of this cycle. These are unique, nonfungible assets and their long-term success represents their dominance of their respective industries in an interconnected world where network effects are paramount, and the marginal cost of distribution is low. Their influence is not only felt within technology indices; at the end of June, the largest ten stocks (including these three) in the S&P 500 accounted for 28.0% of its market cap. While off recent highs, this level of concentration is commensurate with levels not seen since the early 1980s. Although this makes the portfolio (and indices) more sensitive to the performance of a few stocks, we are encouraged by the fact that the largest ten stocks also explained 29% of index earnings as at year end. Trading at around a market multiple, these stocks dominate market-cap indices because of their earnings progress, rather than because they sport outlandish valuations as was the case in the late 1990s. We are very comfortable moving materially

underweight them should we become concerned about their growth or return prospects, or should we find more attractive risk-reward profiles elsewhere in the market.

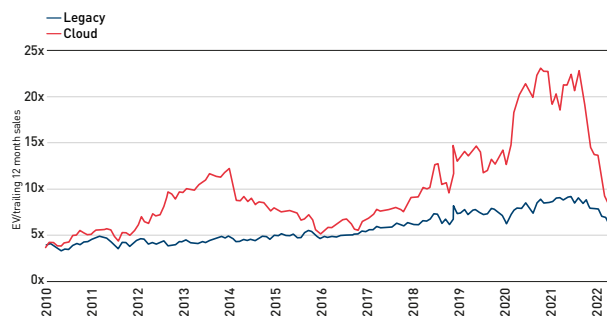
### Conclusions

As one of the largest beneficiaries of the pandemic, reopening was always going to generate crosscurrents for the technology sector. E-commerce normalisation has led to significant retracements within the internet and payment subsectors which are likely to take time to recapture. However, we are confident that secular tailwinds will reassert themselves, supported by favourable demographics. Software spending growth remains robust as companies digitally transform, automate workflows, gain insight from AI, secure themselves from cyberattacks and apply technology to drive productivity gains. Gartner believe software spending will increase 9.6% this year; IDC size digital transformation as a \$10trn opportunity through 2025. And then there's a myriad of other secular themes within technology to get excited about – AI, cybersecurity, electric vehicles (EVs), healthcare and clean energy to name a few, as well as optionality associated with autonomous vehicles, the metaverse and blockchain/distributed computing. With macroeconomics currently dominating equity markets and near-term volatility high, **it is easy to forget how good the long-term technology story is.**

Long-term returns ultimately reflect economic value added, even if market disruptions and cyclical impulses can overwhelm the powerful underlying drivers of longer-term technological progress in the short term. If the past year has shown anything, it is the enormous risk associated with hubristic and Panglossian investment approaches: TAM, growth at any price, disregard for liquidity, and high conviction trumping risk management as the basis for portfolio construction. None of these things, however, alter the underlying criticality of technology (via its contribution to total factor productivity) to future economic growth, especially as the other two inputs to growth (capital and labour) may contribute less as they become relatively scarcer. As the OECD puts it (quoting Krugman): *"Productivity isn't everything, but in the long run it is almost everything."* Technology is the handmaiden to productivity improvement, and so long as the sector can continue to help the economy become more productive and create economic value, we expect value to continue to accrue to equity holders in the most impactful companies enabling this change.

While valuations have now corrected back to medium-term averages, they are still susceptible to further downside given increased volatility, the growing influence of energy prices and real rates on equity markets as well as heightened recession risk. The **current drawdown** (c.21%) is already consistent with the average non-recessionary bear market (-18% over eight months). However, the average **recessionary bear market** has seen the market fall by c.33% over 17 months, suggesting the current correction may only be c. two-thirds complete in the event of a recession. That said, **technology valuations** have meaningfully corrected such that next-generation software stocks now trade broadly in line with incumbents on a forward EV/sales basis. The last time this happened was 2015/2016 when the market was also significantly concerned about a hard landing, suggesting that technology stocks have begun to meaningfully price in recession risk. As such, we have begun to rebuild our exposure to higher-growth stocks while maintaining a modest amount of Nasdaq put protection and cash to help ameliorate the impact of further market weakness while ensuring the portfolio remains highly liquid.

### Cloud vs. Legacy Software Valuations, Forward EV/Sales (2010 – June 2022)



Source: KeyBanc, 8/7/22

**Ben Rogoff**

19 July 2022

## Investment Manager's Core Themes



### Cloud Infrastructure

Of the technologies that enjoyed a pandemic boost, few are likely to prove as durable as those that accrued to cloud computing. The past two years have seen an accelerated shift to the cloud to support digital transformation, remote work, and a plethora of new services "at a scale unprecedented in human history".

#### We're excited about...

Cloud computing continues to deliver strong growth at extraordinary scale, with the three dominant vendors (Amazon, Microsoft and Google) now running at a collective annual revenue run rate of \$140bn, up +41% y/y. Strong cloud growth necessitates cloud capex growth which should underpin demand for semiconductors, memory and networking equipment in cloud data centres; Morgan Stanley have increased their expectations for hyperscaler capex growth in 2022 to +27% y/y. AI continues to be a major driver of cloud adoption as companies move from proof of concept to production use cases; Gartner expects AI software revenue to reach \$62.5bn this year, up +21% y/y. Environmental tailwinds are also likely to support future adoption.

#### Current holdings

Amazon, Microsoft, Alphabet, Arista Networks, AMD, NVIDIA.

*Representing 28.5% of net assets at 30 April 2022.*



### Cybersecurity

Cybersecurity plays a vital role in protecting the digital economy and has been elevated from an IT problem to a business imperative which has seen its share of IT budgets grow from c.4.8% in 2011 to 8.4% in 2021. We believe growth should be supported by cybercrime incidents that continue to grow in both volume and sophistication. The cost of cybercrime is estimated at \$1trn, equivalent to c.1% of global GDP.

#### We're excited about...

Cybercrime incidents continue to grow alongside technological advances such as social media, cloud computing and digital transformation that expand the so-called 'attack surface'. This should support cybersecurity spending which also benefits from the shift in primary aim from data theft to business disruption as well as a growing regulatory imperative. In 2021, there was a ransomware attack every 11 seconds. We are particularly excited about cloud security spending with CrowdStrike estimating that today cloud security spend amounts to only 1% of the underlying infrastructure spend today. While we do not believe that cybersecurity has benefitted from significant pull-forward during the pandemic, strong recent results have not been rewarded due to macroeconomic uncertainty. Downside risk could also be ameliorated by M&A activity following a strong 2021 which saw McAfee, Mimecast and Proofpoint all acquired by private equity.

#### Current holdings

CrowdStrike Holdings, CyberArk Software, Tenable Holdings, CloudFlare, eMemory Technology, Okta.

*Representing 3.7% of net assets at 30 April 2022.*



## Cloud Software

Like infrastructure, the software industry has been migrating to a subscription model powered by the cloud. The trend to software-as-a-service (SaaS) models has greatly increased the software market by collapsing upfront costs. This has made it possible for smaller companies to access software previously reserved for enterprises as well as facilitating myriad new vertical applications. By 2025, almost two-thirds of spending on application software will be directed towards the cloud.

### We're excited about...

Despite a more challenging macroeconomic backdrop, software results have remained solid with companies continuing to invest in digital transformation. Microsoft CEO Satya Nadella recently noted strength in demand for automation technology "because in an inflationary environment, the only deflationary force is software.". ServiceNow's CEO further highlighted how macro "challenges have underscored the urgency of investment in digital business". Unfortunately, these imperatives and generally sound results have been in contrast with a massive derating in sector valuations. While this correction was overdue (and influenced by waning growth in earlier work-from-home beneficiaries) we have begun to rebuild our portfolio exposure as the de-rating appears well beyond any fundamental change in sector outlook. On a medium-term view, we remain excited about ongoing SaaS penetration with the cloud explaining just 15% of the \$2trn enterprise IT stack today.

### Current holdings

Microsoft, ServiceNow, Salesforce.com, Adobe Systems, MongoDB, HubSpot.

*Representing 16.0% of net assets at 30 April 2022.*



## Artificial Intelligence

AI can analyse and extract insight from huge quantities of data which could augment and potentially replace human decision making and allow a much tighter interaction between the physical and digital worlds. We are early and the opportunity is growing: more data is created per hour today than was captured in an entire year just 20 years ago and only 0.5% of all data captured is being analysed. AI could be a \$734bn market by 2027.

### We're excited about...

Before the advent of AI, companies could only analyse structured data which is very expensive to gather, store and process, resulting in just 3% of total data captured being tagged. The leading AI-specific applications today are image recognition and Natural Language Processing (NLP). NLP remains a key battleground for tech giants fighting for supremacy in AI given the easy adaption for a wide range of downstream tasks through transfer learning, whereas startups look more at machine vision because entry barriers are lower. We are seeing AI technology move from being proof of concept - beating humans at video games - to deployments by companies outside the technology space. We have seen this in credit underwriting, autonomous mining vehicles, machine-vision recycling sorting and myriad other applications including AI-based 'digital twins'; digital representations of a physical objects which mirror the physical object. We continue to regard the semiconductor and SPE industries as a levered way to play AI proliferation in addition to industry leaders Google and Microsoft.

### Current holdings

NVIDIA, Synopsys, Applied Materials, Tokyo Electron, AMD, Alphabet, Microsoft.

*Representing 27.5% of net assets at 30 April 2022.*

## Investment Manager’s Core Themes continued



### Internet

The internet sector has been challenged by the reversal of trends which supported strong US ecommerce growth and multiple expansion during COVID, including stay-at-home orders, the impact of stimulus and consumer spending shift to goods versus services. Although growth has slowed against tough comparators, ecommerce spending in 2021 remains at levels c.70% higher than 2019 and subsectors more exposed to reopening trends continue to deliver strong growth. Social media continues to play a central role in our everyday lives, with the world set to spend more than four trillion hours using social media in 2022.

#### We’re excited about...

Ecommerce penetration of total retail sales remains low, having steadily increased 0.4%-0.9% per year for the decade through 2019 to reach 10.5%, then spiking dramatically during COVID to reach 14.6%, before declining modestly this year. COVID forced a large group of consumers and some large sectors in the economy (e.g. grocery) online and, despite near-term headwinds, it still seems reasonable to assume ecommerce’s share of incremental retail sales will be higher in the five years following the pandemic (c. 2/3) than in the five years before it (c. 1/3). Online advertising suffered in sympathy with ecommerce and faced incremental headwinds from changes to Apple’s user-tracking policies and the influence of TikTok increasingly felt across the landscape. There has been a blurring of the boundaries between social media and e-commerce with short-form video and social commerce continuing to take share.

#### Current holdings

Amazon, Alphabet, Snap, Shopify, Airbnb.

*Representing 12.4% of net assets at 30 April 2022.*

### Digital Entertainment

The combination of smartphones, broadband and app stores have resulted in an explosion of internet applications and a reallocation of time spent on entertainment. We remain excited about the potential of over-the-top (OTT) video, streaming music, and video gaming to continue to grow entertainment wallet share. However, weaker recent trends amid reopening and waning consumer confidence have dampened our near-term enthusiasm for the theme.

#### We’re excited about...

After a stellar 2020, reopening has played havoc with digital entertainment and videogaming stocks due to pandemic-related strength demand pull-forward and heightened competition, as well as slowing growth on tough comparisons causing valuation compression. For 2021, the video games software industry only grew 1% y/y having grown 23% in 2020. This slowdown (and associated multiple compression) more than offset sustained M&A activity that has continued into 2022 with the proposed acquisitions of Activision and Zynga representing the two largest gaming deals ever. While growth is expected to reaccelerate this year, there remains considerable uncertainty around consumer spending given elevated energy prices and weakening confidence. Recent disappointments for high-profile consumer facing stocks such as Amazon and Netflix have also been painful reminders that reopening headwinds and the shift from goods to services spending, may not yet be fully priced in. As such we have meaningfully reduced our exposure to this consumer-facing theme, maintaining a position in Nintendo and a collection of tail-names including ROBLOX (user created gaming platform) and Take-Two Interactive Software.

#### Current holdings

Nintendo, ROBLOX, Take-Two Interactive Software, Spotify.

*Representing 1.2% of net assets at 30 April 2022.*



## Connectivity / 5G

The 5G network rollout continues apace despite an air pocket in China and 5G handset penetration also tracked above earlier forecasts, reaching 39% in 2021. Apple had another strong year and proved more adept than most at handling supply chain challenges. In Electric Vehicles, EV sales penetration has grown from 1% in 2017 to 8% in 2021, with unit sales up +101% last year as automakers prioritised EV production to meet consumer demand and avoid emissions penalties in the face of widespread shortages.

### We're excited about...

A hybrid workforce, more cloud-delivered applications and more data from digital customer interactions means the need for network speed and capacity upgrades. Architectural upgrades designed to enhance security posture as well as deliver efficiency. Apple has so far been less subject to WFH headwinds as the Services business continues to grow well and consumers have enthusiastically adopted Macs with the new M1 chip, which speaks to Apple's dominant position in smartphones and ability to monetize their billion-strong loyal user base ever more effectively. EV adoption remains early, as consensus expects EV sales to reach one third of new car sales by 2030, but some analysts have suggested the majority could be EVs by this point based on OEM targets, S-curve adoption models and government emissions mandates. We continue to believe the megatrends of electrification, autonomy and connectivity represent the biggest revolution in the automotive industry since Henry Ford unveiled the Model T in 1908.

### Current holdings

Apple, Qualcomm, MediaTek, Taiwan Semiconductor, Tesla, BYD, ON Semiconductor.

*Representing 16.3% of net assets at 30 April 2022.*

# Portfolio Review

## Performance Attribution

### Movement in net asset value (total return) per share

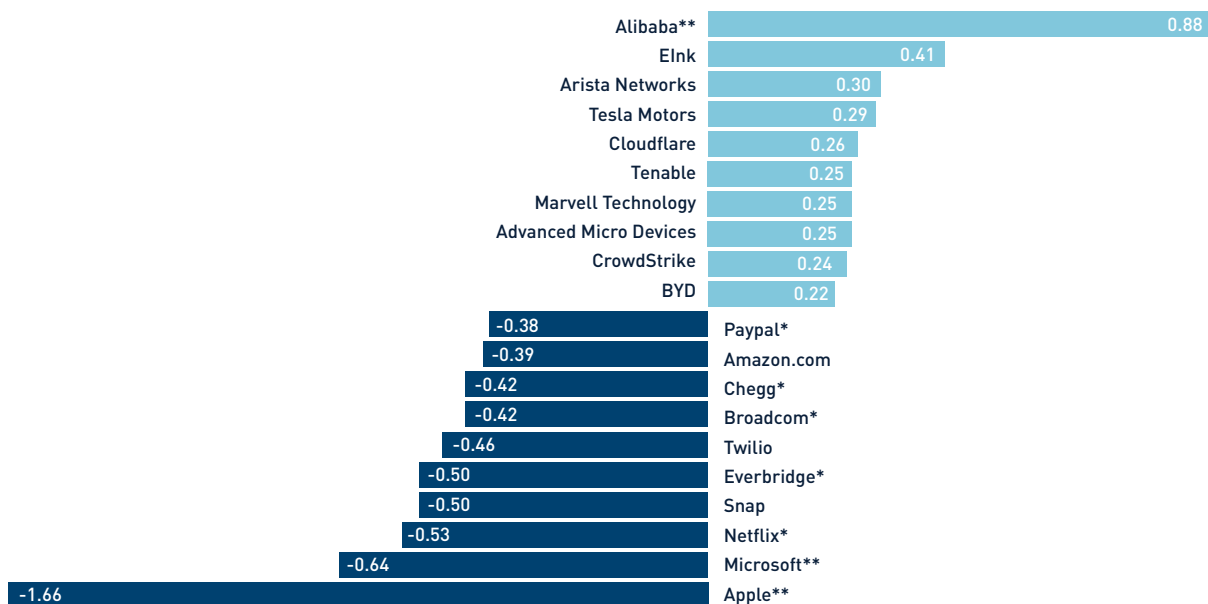
Over the year to 30 April 2022 the Net Asset Value per share fell by 7.66% compared to the decline in total return provided by the Benchmark of 0.87%. The below table breaks down the Company’s absolute one year return into market impact, active management and other factors.

	%	%	Pence per share
<b>NAV per share at 30 April 2021</b>			<b>2496.44</b>
<b>Market Impact</b>			
Benchmark performance (Sterling adjusted)		-0.87	
<b>Active Management</b>			
Stock Allocation Effect~	-6.82		
Stock Trading and Timing Effect~	-0.10		
Total active management		-6.92	
<b>Other factors</b>			
Liquidity/gearing effect	0.97		
Ongoing charges including performance fee	-0.84		
Total other factors		0.13	
<b>Performance of NAV</b>		-7.66	-191.31
<b>NAV per share at 30 April 2022</b>			<b>2305.13</b>

~ Stock allocation effect refers to the portion of the total relative performance which is attributable to being overweight or underweight in a security. 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 16 to 27 for further information.

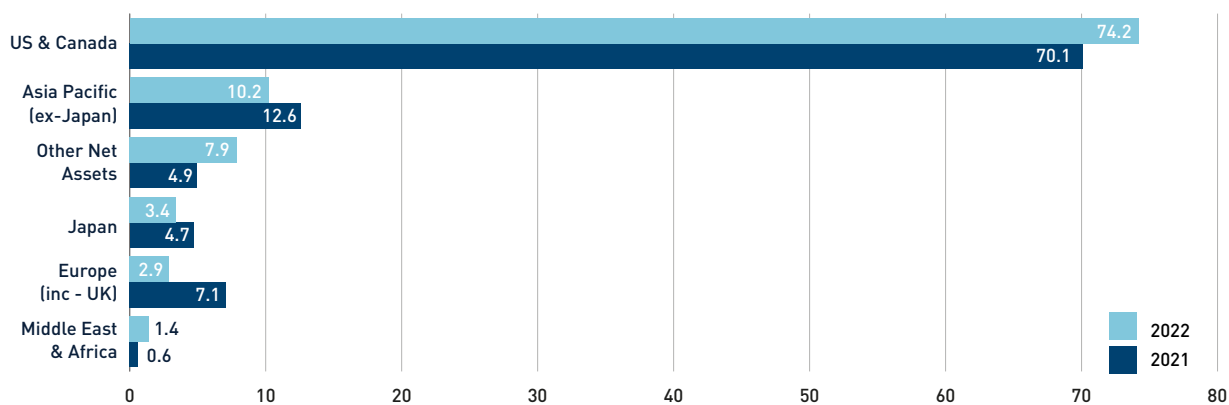
### Performance attribution by investment

The top ten relative contributors and the bottom ten relative detractors from performance over the year to 30 April 2022.

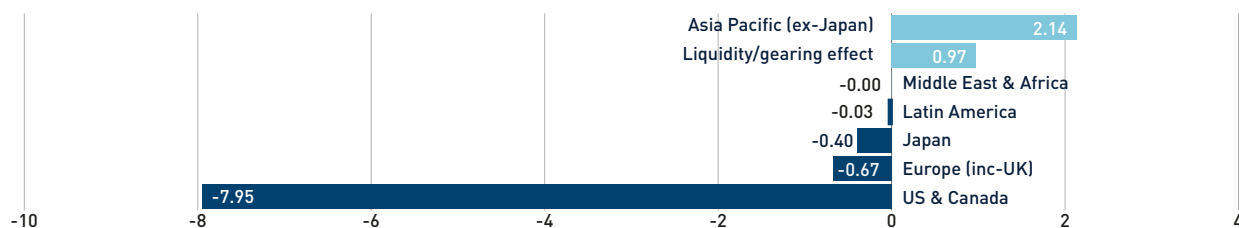


All of the above companies were held during the year to 30 April 2022. All data sourced from Polar Capital LLP.  
\*not held at the year ended 30 April 2022/\*\*underweight position relative to the Benchmark.

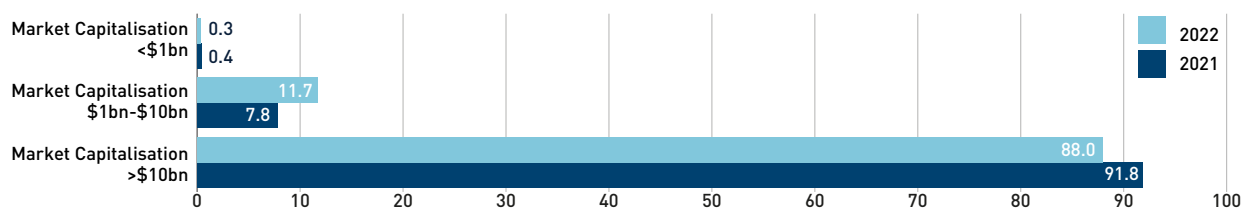
### Breakdown of investments by region as at 30 April 2022



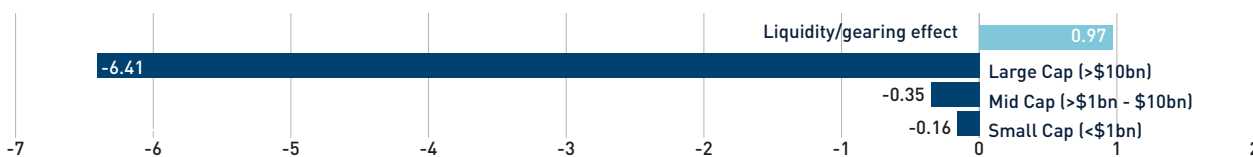
### Performance attribution by region\* year to 30 April 2022



### Market capitalisation of underlying investments as at 30 April 2022



### Performance attribution by market capitalisation\* over the year to 30 April 2022



\* 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 including performance fees of 0.84%).

## Portfolio Review continued











### Classification of Investments\*

as at 30 April 2022

	North America %	Europe %	Asia Pacific (inc. Middle East) %	Total 30 April 2022 %	Total 30 April 2021 %	Benchmark Weightings as at 30 April 2022 %
Software	26.5	0.1	1.0	27.6	25.2	25.9
Semiconductors & Semiconductor Equipment	15.4	2.1	4.9	22.4	18.3	22.6
Technology Hardware, Storage & Peripherals	11.7	0.2	2.7	14.6	12.5	14.4
Interactive Media & Services	12.4	-	1.6	14.0	19.6	13.3
Internet & Direct Marketing Retail	2.2	0.1	0.6	2.9	5.0	2.9
IT Services	2.2	-	0.1	2.3	3.5	4.1
Automobiles	0.9	-	0.7	1.6	0.6	1.6
Electronic Equipment, Instruments & Components	-	-	1.6	1.6	2.8	1.6
Communications Equipment	1.5	-	-	1.5	-	1.5
Entertainment	0.4	-	0.8	1.2	2.5	1.2
Aerospace & Defence	0.7	-	-	0.7	0.4	0.7
Machinery	-	-	0.7	0.7	1.3	0.8
Healthcare Equipment & Supplies	0.3	-	0.3	0.6	0.3	0.6
Electrical Equipment	-	0.4	-	0.4	0.2	0.4
Diversified Consumer Services	-	-	-	-	0.9	-
Leisure Products	-	-	-	-	0.8	-
Healthcare Providers & Services	-	-	-	-	0.7	-
Auto Components	-	-	-	-	0.4	-
Media	-	-	-	-	0.1	-
<b>Total investments (£2,811,080,000)</b>	<b>74.2</b>	<b>2.9</b>	<b>15.0</b>	<b>92.1</b>	<b>95.1</b>	
Other net assets (excluding loans)	6.0	2.3	1.3	9.6	6.4	
Loans	(0.9)	-	(0.8)	(1.7)	(1.5)	
<b>Grand total (net assets of £3,050,985,000)</b>	<b>79.3</b>	<b>5.2</b>	<b>15.5</b>	<b>100.0</b>	<b>-</b>	
At 30 April 2021 (net assets of £3,408,763,000)	72.4	8.5	19.1	-	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.

## Top 10 Investments as at 30 April 2022

	Ranking		Value of holding £'000		% of total net assets	
	2022	2021	2022	2021	2022	2021
 <p>Held since: 2007</p>	1	(1)	336,977	296,561	11.0	8.7
<p>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.</p>						
 <p>Held since: 2003</p>	2	(3)	305,244	281,211	10.1	8.2
<p>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.</p>						
 <p>Held since: 2005</p>	3	(2)	249,058	292,143	8.2	8.6
<p>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.</p>						
 <p>Held since: 2016</p>	4	(9)	95,065	74,141	3.1	2.2
<p>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.</p>						
 <p>Held since: 2016</p>	5	(13)	86,045	52,175	2.8	1.5
<p>Advanced Micro Devices is an American semiconductor company that develops computer processors and related technologies for business and consumer markets.</p>						
 <p>Held since: 2007</p>	6	(5)	82,312	115,503	2.7	3.4
<p>A manufacturer of a very 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.</p>						
 <p>Held since: 2001</p>	7	(6)	82,012	110,029	2.7	3.2
<p>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.</p>						
 <p>Held since: 2001</p>	8	(10)	59,248	61,023	1.9	1.8
<p>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.</p>						
 <p>Held since: 2009</p>	9	(15)	57,558	47,029	1.9	1.4
<p>Amazon is a multinational technology company that focuses on e-commerce, Cloud computing, digital streaming and artificial intelligence.</p>						
 <p>Held since: 2015</p>	10	(22)	56,280	30,463	1.8	0.9
<p>ServiceNow is an American software company that develops a cloud computing platform to help companies manage digital workflows for enterprise operations.</p>						
<b>Total</b>			<b>1,409,799</b>		<b>46.2%</b>	

## Portfolio Review continued

## Full Portfolio

Ranking		Stock	Sector	Region	Value of holding		% of net assets	
2022	2021				30 April 2022 £'000	30 April 2021 £'000	30 April 2022 %	30 April 2021 %
1	(1)	Microsoft	Software	North America	336,977	296,561	11.0	8.7
2	(3)	Apple	Technology Hardware, Storage & Peripherals	North America	305,244	281,211	10.1	8.2
3	(2)	Alphabet	Interactive Media & Services	North America	249,058	292,143	8.2	8.6
4	(9)	Nvidia	Semiconductors & Semiconductor Equipment	North America	95,065	74,141	3.1	2.2
5	(13)	Advanced Micro Devices	Semiconductors & Semiconductor Equipment	North America	86,045	52,175	2.8	1.5
6	(5)	Samsung Electronics	Technology Hardware, Storage & Peripherals	Asia Pacific	82,312	115,503	2.7	3.4
7	(6)	Taiwan Semiconductor	Semiconductors & Semiconductor Equipment	Asia Pacific	82,012	110,029	2.7	3.2
8	(10)	ASML	Semiconductors & Semiconductor Equipment	Europe	59,248	61,023	1.9	1.8
9	(15)	Amazon.com	Internet & Direct Marketing Retail	North America	57,558	47,029	1.9	1.4
10	(22)	ServiceNow	Software	North America	56,280	30,463	1.8	0.9
<b>Top 10 investments</b>					<b>1,409,799</b>		<b>46.2</b>	
11	(4)	Meta Platforms (previously Facebook)	Interactive Media & Services	North America	54,509	143,131	1.8	4.2
12	(20)	Micron Technology	Semiconductors & Semiconductor Equipment	North America	48,220	38,249	1.6	1.2
13	(-)	Arista Networks	Communications Equipment	North America	44,318	-	1.5	-
14	(8)	Tencent	Interactive Media & Services	Asia Pacific	43,880	78,674	1.4	2.3
15	(-)	KLA-Tencor	Semiconductors & Semiconductor Equipment	North America	39,816	-	1.3	-
16	(28)	CrowdStrike	Software	North America	39,441	25,213	1.3	0.7
17	(17)	HubSpot	Software	North America	38,675	44,270	1.3	1.3
18	(44)	Marvell Technology	Semiconductors & Semiconductor Equipment	North America	38,601	16,803	1.2	0.5
19	(11)	Applied Materials	Semiconductors & Semiconductor Equipment	North America	36,986	59,068	1.2	1.7
20	(18)	Snap	Interactive Media & Services	North America	36,334	41,944	1.2	1.2
<b>Top 20 investments</b>					<b>1,830,579</b>		<b>60.0</b>	
21	(37)	Qualcomm	Semiconductors & Semiconductor Equipment	North America	32,622	19,753	1.0	0.6
22	(26)	Seagate Technology	Technology Hardware, Storage & Peripherals	North America	27,421	28,123	0.9	0.8
23	(-)	Tesla Motors	Automobiles	North America	26,891	-	0.9	-
24	(25)	Mastercard	IT Services	North America	26,330	28,215	0.9	0.8
25	(12)	Adobe	Software	North America	25,980	53,963	0.8	1.6
26	(57)	Lattice Semiconductor	Semiconductors & Semiconductor Equipment	North America	24,788	14,916	0.8	0.4
27	(23)	Zendesk	Software	North America	24,415	30,294	0.8	0.9
28	(21)	Tokyo Electron	Semiconductors & Semiconductor Equipment	Asia Pacific	23,889	38,083	0.8	1.1
29	(-)	Five9	Software	North America	23,654	-	0.8	-
30	(-)	Elastic	Software	North America	23,453	-	0.8	-
<b>Top 30 investments</b>					<b>2,090,022</b>		<b>68.5</b>	

Ranking		Stock	Sector	Region	Value of holding		% of net assets	
2022	2021				30 April 2022 £'000	30 April 2021 £'000	30 April 2022 %	30 April 2021 %
31	(88)	Nintendo	Entertainment	Asia Pacific	23,413	8,557	0.8	0.2
32	(96)	BYD	Automobiles	Asia Pacific	23,080	7,073	0.7	0.2
33	(71)	Axon Enterprise	Aerospace & Defense	North America	21,985	12,144	0.7	0.4
34	(51)	CyberArk Software	Software	Asia Pacific	21,721	15,768	0.7	0.5
35	(63)	Monolithic Power Systems	Semiconductors & Semiconductor Equipment	North America	20,305	14,258	0.7	0.4
36	(-)	Pure Storage	Technology Hardware, Storage & Peripherals	North America	19,712	-	0.7	-
37	(42)	Airbnb	Interactive Media & Services	North America	19,708	17,276	0.7	0.5
38	(24)	Visa	IT Services	North America	19,629	29,196	0.6	0.9
39	(-)	E Ink	Electronic Equipment, Instruments & Components	Asia Pacific	19,235	-	0.6	-
40	(7)	Alibaba	Internet & Direct Marketing Retail	Asia Pacific	18,888	79,532	0.6	2.3
<b>Top 40 investments</b>					<b>2,297,698</b>		<b>75.3</b>	
41	(-)	Palo Alto Networks	Software	North America	18,479	-	0.6	-
42	(27)	Salesforce.com	Software	North America	18,315	25,730	0.6	0.8
43	(81)	Unity Software	Software	North America	17,761	9,456	0.5	0.3
44	(84)	Smartsheet	Software	North America	16,414	8,900	0.5	0.3
45	(65)	Cloudflare	Software	North America	15,864	13,727	0.5	0.4
46	(76)	Power Integrations	Semiconductors & Semiconductor Equipment	North America	14,930	10,635	0.5	0.3
47	(-)	ON Semiconductor	Semiconductors & Semiconductor Equipment	North America	14,451	-	0.5	-
48	(48)	TripAdvisor	Interactive Media & Services	North America	14,362	16,227	0.5	0.5
49	(64)	Snowflake	Software	North America	13,973	13,956	0.5	0.4
50	(80)	MongoDB	Software	North America	13,343	9,522	0.5	0.3
<b>Top 50 investments</b>					<b>2,455,590</b>		<b>80.5</b>	
51	(89)	Shopify	IT Services	North America	13,251	8,338	0.4	0.2
52	(30)	Twilio	Software	North America	13,034	24,094	0.4	0.7
53	(35)	Tenable	Software	North America	12,985	19,893	0.4	0.6
54	(38)	Zoom Video Communications	Software	North America	12,578	19,029	0.4	0.6
55	(101)	SolarEdge Technologies	Semiconductors & Semiconductor Equipment	Asia Pacific	12,519	5,295	0.4	0.2
56	(-)	eMemory Technology	Semiconductors & Semiconductor Equipment	Asia Pacific	12,388	-	0.4	-
57	(36)	Okta	Software	North America	12,146	19,789	0.4	0.6
58	(-)	SiTime	Semiconductors & Semiconductor Equipment	North America	11,860	-	0.4	-
59	(87)	Ceres Power	Electrical Equipment	Europe	11,569	8,743	0.4	0.2
60	(47)	Workday	Software	North America	11,557	16,379	0.4	0.5
<b>Top 60 investments</b>					<b>2,579,477</b>		<b>84.5</b>	

## Portfolio Review continued

## Full Portfolio continued

Ranking		Stock	Sector	Region	Value of holding		% of net assets	
2022	2021				30 April 2022 £'000	30 April 2021 £'000	30 April 2022 %	30 April 2021 %
61	(-)	Synopsys	Software	North America	11,533	-	0.4	-
62	(53)	MediaTek	Semiconductors & Semiconductor Equipment	Asia Pacific	11,125	15,489	0.4	0.5
63	(49)	TDK	Electronic Equipment, Instruments & Components	Asia Pacific	10,791	15,954	0.4	0.5
64	(-)	Paycom Software	Software	North America	10,780	-	0.3	-
65	(-)	Square	IT Services	North America	9,990	-	0.3	-
66	(72)	Atlassian	Software	Asia Pacific	9,414	12,115	0.3	0.3
67	(-)	Kornit Digital	Machinery	Asia Pacific	9,356	-	0.3	-
68	(106)	Kinaxis	Software	North America	9,169	3,593	0.3	0.1
69	(79)	Qualtrics International	Software	North America	8,840	9,627	0.3	0.3
70	(86)	Dexcom	Healthcare Equipment & Supplies	North America	8,749	8,756	0.3	0.3
<b>Top 70 investments</b>					<b>2,679,224</b>		<b>87.8</b>	
71	(-)	Hoya	Healthcare Equipment & Supplies	Asia Pacific	8,746	-	0.3	-
72	(59)	Roblox	Entertainment	North America	8,655	14,585	0.3	0.4
73	(55)	Keyence	Electronic Equipment, Instruments & Components	Asia Pacific	8,251	15,371	0.3	0.4
74	(-)	Coupa Software	Software	North America	7,487	-	0.3	-
75	(58)	Fuji Machine Manufacturing	Machinery	Asia Pacific	7,403	14,793	0.2	0.4
76	(-)	Ambarella	Semiconductors & Semiconductor Equipment	North America	7,377	-	0.2	-
77	(16)	Infineon Technologies	Semiconductors & Semiconductor Equipment	Europe	6,891	44,581	0.2	1.3
78	(60)	Harmonic Drive Systems	Machinery	Asia Pacific	6,430	14,480	0.2	0.4
79	(100)	Hamamatsu Photonics	Electronic Equipment, Instruments & Components	Asia Pacific	6,376	5,299	0.2	0.2
80	(-)	Disco Corporation	Semiconductors & Semiconductor Equipment	Asia Pacific	6,256	-	0.2	-
<b>Top 80 investments</b>					<b>2,753,096</b>		<b>90.2</b>	
81	(-)	Naver	Interactive Media & Services	Asia Pacific	6,137	-	0.2	-
82	(-)	UiPath	Software	North America	5,720	-	0.2	-
83	(-)	Intuit	Software	North America	5,521	-	0.2	-
84	(-)	Etsy	Internet & Direct Marketing Retail	North America	5,067	-	0.2	-
85	(-)	CS Disco	Software	North America	4,266	-	0.2	-
86	(-)	DoorDash	Internet & Direct Marketing Retail	North America	4,212	-	0.1	-
87	(94)	Take-Two Interactive Software	Entertainment	North America	3,926	7,108	0.1	0.2
88	(99)	Qt	Software	Europe	3,542	5,731	0.1	0.2
89	(50)	HelloFresh	Internet & Direct Marketing Retail	Europe	3,456	15,942	0.1	0.5
90	(-)	Impinj	Semiconductors & Semiconductor Equipment	North America	3,417	-	0.1	-
<b>Top 90 investments</b>					<b>2,798,360</b>		<b>91.7</b>	

Ranking		Stock	Sector	Region	Value of holding		% of net assets	
2022	2021				30 April 2022 £'000	30 April 2021 £'000	30 April 2022 %	30 April 2021 %
91	(-)	Logitech	Technology Hardware, Storage & Peripherals	Europe	3,309	-	0.1	-
92	(107)	Zuken	IT Services	Asia Pacific	3,081	3,582	0.1	0.1
93	(103)	Seeing Machines	Electronic Equipment, Instruments & Components	Asia Pacific	2,894	4,074	0.1	0.1
94	(102)	Tobii	Technology Hardware, Storage & Peripherals	Europe	2,181	4,140	0.1	0.1
95	(109)	ilika	Electronic Equipment, Instruments & Components	Europe	1,254	2,747	-	0.1
96	(110)	Cermetek Microelectronics	Electronic Equipment, Instruments & Components	North America	1	2	-	-
<b>Total equities</b>					<b>2,811,080</b>		<b>92.1</b>	
<b>Other net assets</b>					<b>239,905</b>		<b>7.9</b>	
<b>Total net assets</b>					<b>3,050,985</b>		<b>100.0</b>	

Note: Asia Pacific includes Middle East.

# Environmental, Social and Governance



## ESG – Corporate Perspective

Few folk, if any, in the investment world are not discussing ESG and what it means for them. There are many varied and different taxonomies, metrics, opinions and approaches being taken. The investment trust companies, like Polar Capital Technology Trust plc, currently have few regulatory required actions and reporting 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.

Over the past year, we have worked with the Portfolio Manager and his team to assure ourselves that the relevant ESG factors are considered as a matter of course in the investment process. This has involved much discussion with the team as to how the investment process has naturally evolved over recent years to include ESG considerations. As a result, a thorough scrutiny of the investment process through the ESG lens this year has led to an identification of where ESG factors are already integrated into the process and areas where there is value to add in enhancing the process; many improvements have been made and monitoring by the Investment Manager is in place.

Governance has variously been an issue with technology companies. The sector considers itself a driver of the 'E' in ESG but there is a need to verify this is the case for our investee companies. We acknowledge that engagement is not always possible with the technology giants but we and the Investment Manager are taking the time to make sure we are doing what we can.

On pages 44 to 52 the Investment Manager explains ESG from an investment perspective, bringing it to life by using several examples.

At the request of the Board, the Investment Manager has crafted a dashboard, a version of which is provided on page 53, of all relevant and available metrics but we do not believe now is the time to be setting targets for these, given their unrefined state. We will, however, monitor them over time and evolve them as and when appropriate. We also engaged with our Investment Manager about their overall ESG philosophy and found they are engaged on many different levels.

We all recognise this is a journey into the unknown and somewhat unquantifiable, but the high-level objectives are clear and we are steering the Company with those very much in mind.

### 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 and Gender reporting

The Company has no employees and the Board is comprised of four female and three male Independent Non-executive Directors. The Board is cognisant of the requirements of the FCA Diversity and Inclusion Policy published in April 2022 and, while the Board does meet the gender requirements, being a minimum of 40% female Board members and having at least one senior female appointment, the current composition does not satisfy the ethnicity requirements (at least one non-white ethnic minority Board member). The Board has put in place a succession plan based on the recommended nine-year tenure of Directors with allowance for an extended period of up to 12 years for the role of the Chair (in line with the Chair Tenure Policy). 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 Report on Corporate Governance on page 83.

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 principle risks and uncertainties and addresses how these are mitigated on pages 65 to 69; additionally how the directors have undertaken their duties in compliance with s172 of the Companies Act 2006 is provided on pages 70 to 75.

### Catherine Cripps

Non-executive Director & ESG Lead

19 July 2022

## 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

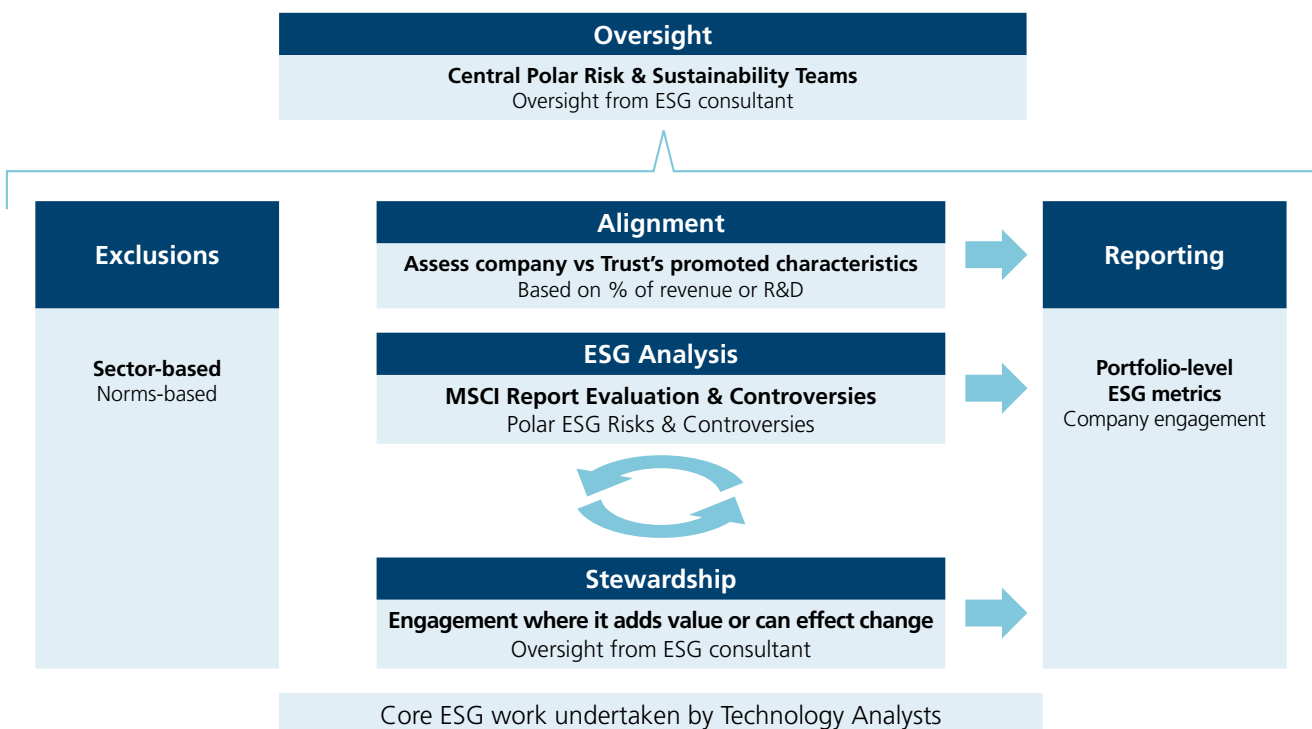
ESG continues to be top of mind for many investors and Polar Capital has invested a large amount of time and effort formalising its approach. Very little of what we are doing is wholly new to our investment process, as most enhancements represent an extension or more rigorous documentation of existing activities, along with increased oversight and monitoring.

The primary aim is to take into account the wide range of ESG risks prevalent in the 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. The Technology and Climate Change report, which is available on the Company’s website, covers one aspect of the sector’s crucial role. We are techno-optimists (if not techno-utopians) and genuinely believe the technology sector has been and will continue to be a net force for good in the world, and the handmaiden to a greener and more equitable future.

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 effect change.

### Integrating ESG into our investment process

Our ESG process covers six main aspects:



## Exclusions

Polar Capital funds adhere 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 world 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 Company portfolio's potential to have a positive impact on the world, we want to reflect the role technology companies can play in bringing about positive environmental and social outcomes. To this end, we now assess a portfolio company's alignment to three environmental and social characteristics, in addition to a broader assessment of the ESG risks and opportunities relevant to each company.

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. We believe these characteristics are well-aligned with a number of the UN Sustainable Development Goals (SDGs). These include SDGs 3, 4, 7, 8, 9 and 12.

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.

Environmental, Social and Governance (ESG) continued



Spotlight on Applied Materials

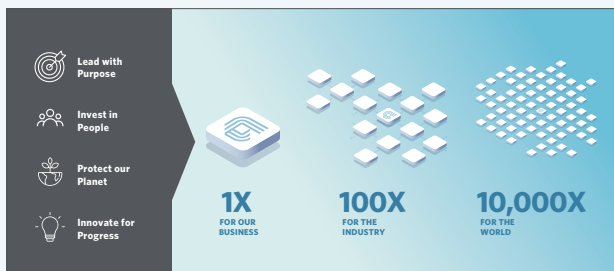
‘Make Possible a Better Future’

The portfolio investment in Applied Materials demonstrates how we integrate ESG into our investment process.

**Alignment:** Applied Materials’ revenue is aligned with promoting access to technology and communications infrastructure given that the company’s semiconductor production equipment and services help customers produce the semiconductors that are the foundation of technological infrastructure. The company’s mission to ‘Make Possible a Better Future’ aligns the company around a 10-year sustainability roadmap: 1x (how the company runs its own business), 100x (the industry and its supply chain impact), 10,000x (how Applied Materials’ technology can be used to advance sustainability on a global scale) and provides goals for investors to monitor progress against these. Silicon content per device continues to increase as we transition to an increasingly ‘smart’ world, and this will be crucial in helping to transition the world to become more energy efficient in line with a net zero scenario.

Applied Materials has instigated a 10-year sustainability roadmap encompassing operations, and “how the company’s technology can be used to advance sustainability on a global scale”. They have been an industry leader in promoting lower emissions in the semiconductor production equipment supply chain. To this end, they are on track to reduce their own Scope 1+2 carbon emissions by 50% by 2030 (versus a 2019 baseline) and move to 100% renewable power in 2022 (US) and 2030 (globally). The company is committed to Science Based Targets (SBTi) and reporting in line with TCFD.

Climate concerns have been embedded into Applied Materials’ core operations: the company has also instituted explicit design targets for all new products covering energy and water usage, chemical consumption and other environmental metrics. ESG metrics are included in Applied Materials’ Corporate Scorecard which is tied to executive compensation.



Goal	Progress	U.N. SDG
<b>3x30 Goals</b>		
Reduce equivalent energy consumption for semiconductor products by 30% by 2030	Set energy consumption baseline for semiconductor products (2019 basis) and completed key energy use models	RESPONSIBLE CONSUMPTION AND PRODUCTION
Reduce chemical consumption for semiconductor products by 30% by 2030	Established chemical impact metric and completed key chemical impact models	RESPONSIBLE CONSUMPTION AND PRODUCTION
Reduce tool footprint per production-unit ratio (sqm/wph) for semiconductor products by 30% by 2030	Completed key models for tool footprint to production rate ratios	INDUSTRY, INNOVATION AND INFRASTRUCTURE
<b>SUCCESS2030 Goals</b>		
Reduce supply chain carbon emissions by moving from airfreight to intermodal shipping, with interim emissions reduction target of 15% by 2024	Conducted pilot tests to demonstrate the feasibility of intermodal shipping; our progress was slowed by the unprecedented demand for semiconductor products in 2020	CLIMATE ACTION
Transition the supply chain to recyclable content packaging, *with a target of 80% by the end of 2023	Achieved nearly 60% recyclable packaging in 2020	RESPONSIBLE CONSUMPTION AND PRODUCTION
Eliminate 100% of phosphate-based pre-treatment of metal surfaces by 2024	Conducting pilot trials and evaluating results	RESPONSIBLE CONSUMPTION AND PRODUCTION
Increase the percentage of spend with, and representation of, women-and minority-owned businesses by 2024	On track to increase global diverse supplier spend by 2% year-over-year	GENDER EQUALITY
Comply with RBA Code of Conduct and Applied Materials’ Standards of Business Conduct	Developed supply chain ESG risk assessment model; conducted supplier training and outreach and initiated supplier audits	REDUCED INEQUALITY

\* In our 2019 Sustainability Report, we erroneously committed to a goal of transitioning to recycled content packaging, rather than recyclable content packaging. While we use recycled content packaging when it meets performance specifications (e.g., stacking strength, plastic purity), it is infeasible for all applications.



## Spotlight on Hubspot

### Culture as a differentiator

HubSpot's mission is to be the leading customer relationship management (CRM) platform for scaling enterprises. It is an SMB-focused product which allows new businesses access to best-in-class B2B marketing automation and CRM tools and supports new business formation. The platform includes marketing, sales, service, operations and website management products that start free and scale to meet customers' needs at any stage of growth. This is an important aspect of increasing small business productivity and efficiency, which otherwise may struggle to compete with large incumbers with greater sales and distribution resources. The fact that HubSpot's platform is cloud-native means it has scaled to more than 120,000 customers at an average cost per subscription customer (ARPC) of just \$11,000, all of whom are able to leverage HubSpot's ongoing research and development efforts to help scale their businesses with fewer upfront resources and by automating routine and monotonous administrative work. HubSpot has further enabled training and certification of >350,000 professionals through their global HubSpot Academy and supported >1,100 institutions to teach HubSpot marketing methodologies in the classroom. We believe this makes HubSpot well aligned with UN SDG 8 and a direct contributor to supporting specific SDG targets 8.1-8.3.

We have met with Hubspot's management team on multiple occasions and discussed how they are assessing and addressing their key ESG challenges. In 2021 the company conducted a sustainability materiality assessment and identified key areas of focus: diversity and inclusion; privacy and data protection; and energy and emissions. The company is ranked no 4 in Glassdoor's 2021 Best Places to Work and won the Comparably award for Best Leadership Team. Hubspot have offset more than 80,000 metric tonnes of emissions via the purchase of renewable energy certificates (RECs) and verified carbon offsets and operate the first and only building in Ireland with a platinum certification on version four of Leadership in Energy and Environmental Design (LEED).

The company has been particularly strong as a thought leader in diversity and inclusion, hybrid working and building the kind of working environment and culture that positions the company well in the ever-competitive war for talent in the technology sector. This includes giving employees the ability to choose how they work (in office, at home or hybrid), unlimited vacation, creating an initiative to address employee burnout, hosting programmes for employees to identify ways to prioritise their mental health at work. This differentiated culture and the commitment to transparency around it (HubSpot publishes their Culture Code and Diversity, Inclusion and Belonging Reports and has made every employee a designated 'insider' so market-sensitive information can be shared at all levels) has allowed HubSpot to attract diverse talent to scale their own business even as competitors have struggled to do the same.



Environmental, Social and Governance (ESG) continued



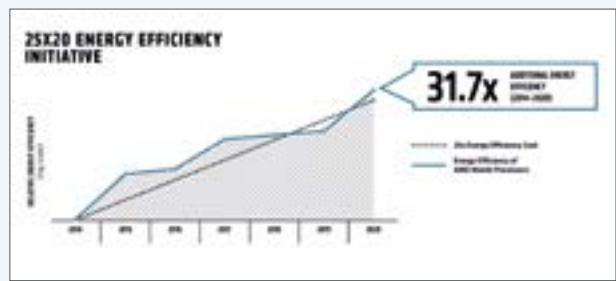
Spotlight on AMD

**When processing power meets brain power**

Advanced Micro Devices (AMD) is the global leader in high-performance computing, which provides the brains behind the crucial technological and communications infrastructure that has transformed modern life and has the potential to be part of the solution to global challenges such as climate change. AMD is helping to develop a new generation of supercomputers which can cross the ‘exascale’ performance barrier for the first time and perform more than one quintillion ( $10^{18}$ ) calculations per second, which will allow researchers to develop models which can create breakthroughs in climate science, materials discovery and biomedical engineering. COVID-19 vaccine development was accelerated using AMD’s technology and the company’s provision of free computing resources for universities and research institutions from April 2020 as part of their High Performance Compute (HPC) Fund. Nikhef, the Dutch National Institute used AMD computing to help discover gravitational waves and the Higgs Boson.

AMD’s activities are also aligned with increasing business productivity and efficiency as a result of their high-performance semiconductors power servers which power data analysis and the application of AI to business operations. AMD has a goal that by 2025 100 million people will benefit from AMD and AMD Foundation partnerships which enable STEM education and scientific research.

AMD conducted a 2020 materiality assessment to appraise the company’s most pressing ESG issues, which gave rise to four strategic areas of focus: digital impact; environmental stewardship; supply chain responsibility; diversity, belonging and inclusion. AMD has embedded goals related to these priorities including a 50% reduction in AMD’s Scope 1+2 greenhouse gas (GHG) emissions by 2030; a commitment that 100% of manufacturing suppliers have GHG emission reduction goals by 2025 and 80% source renewable energy; and a 30x increase in energy efficiency for AMD processors powering servers for AI training and HPC between 2020 and 2025. We meet regularly with AMD management to keep track of their progress on meeting their ESG and financial goals, and have always been struck by the company’s commitment to its mission.



## 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 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.

### MSCI ESG Key Issue Hierarchy

3 Pillars	10 Themes	36 ESG Key Issues	
Environment	Climate Change	Carbon Emissions	Financing Environmental Impact
		Product Carbon Footprint	Climate Change Vulnerability
	Natural Capital	Water Stress	Raw Material Sourcing
		Biodiversity & Land Use	
Pollution & Waste	Toxic Emissions & Waste	Electronic Waste	
	Packaging Material & Waste		
Environmental Opportunities	Opportunities in Clean Tech	Opportunities in Renewable Energy	
	Opportunities in Green Building		
Social	Human Capital	Labour Management	Human Capital Development
		Health & Safety	Supply Chain Labor Standards
	Product Liability	Product Safety & Quality	Privacy & Data Security
		Chemical Safety	Responsible Investment
	Stakeholder Opposition	Consumer Financial Protection	Health & Demographic Risk
		Controversial Sourcing	
	Social Opportunities	Community Relations	
		Access to Communications	Access to Health Care
Access to Finance	Opportunities in Nutrition & Health		
Governance	Corporate Governance	Ownership & Control	Pay
		Board	Accounting
	Corporate Behaviour	Business Ethics	Opportunities in Renewable Energy
		Tax Transparency	

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

We conduct our own proprietary research to assess any 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 so on. 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).

## Environmental, Social and Governance (ESG) continued

It is core to our process that our ESG research is carried out by the same analysts responsible for the fundamental and financial assessment of portfolio companies, rather than outsourced to another team, whether internal or external. We believe ESG risks and opportunities are intrinsic to the investment opportunity in every company, and it is in the interests of ours and our shareholders' long-term returns that they should be considered alongside one another. We believe a company's ESG profile can be as relevant to its investment profile as its competitive position, the differentiation of its underlying technology or any other characteristic.

We also evaluate the company's environmental, social and governance practices versus peers. This involves an assessment of the company's policies, disclosure and behaviour versus the peers they compete with in the market for customers, talent and capital, which we believe to be the most relevant and meaningful marker of sustainability risks and opportunities. This work can also serve as a basis for further engagement with a company and any engagement on these issues will be recorded.

### 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 each company on its 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 always 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 effect 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.

## Spotlight on engagement

### ESG Risks

**Activision:** Identification of a major ESG risk, September 2021

We identified a major ESG risk at Activision in September 2021. We engaged with investor relations at Activision Blizzard shortly after the DFEH lawsuit was announced, to discuss claims of gender discrimination and sexual harassment at the Blizzard studio, the “tone deaf” initial response from management, and the actions subsequently taken by management to address the situation. Our aim was to better understand the potential risks for the company and the appropriateness of the action the company was taking.

Although our discussions did not provide much detail on the case itself given it was ongoing, we were able to gather more insight into the company's reaction. The initial response to the DFEH lawsuit, which was to deny the claims, was a statement of the company's legal position in the case, but caused outrage from many former and existing employees. The subsequent letter from the CEO Bobby Kottick helped calm the situation somewhat, apologising for the company's initial response which was “tone deaf” and “did not provide the right empathy and understanding.”

The company explained they were in the process of investigating the claims and taking several steps to prevent these issues from happening again. The company hired law firm WilmerHale to conduct a review of its policies and promised “swift action” to ensure a “safe environment” and to stamp out harassment. The company is investigating every claim (hiring additional compliance staff), making personnel changes (any manager found to have impeded the integrity of their processes for evaluating claims and imposing appropriate consequences will be terminated), encouraging diversity in hiring and removing inappropriate in-game content.

The company further explained they will provide greater disclosure on pay and other ESG issues like their carbon footprint. They have since included several high-profile management changes including the exit of J. Allen Brack (Blizzard President), Jesse Meschuk (Blizzard SVP of HR), Luis Barriga (Director of Diablo IV) and several other game directors, as well as hiring Jen Oneal and Mike Ybarra (as co-leaders of the studio) and Julie Hodges (Chief People Officer).

The company has clearly taken meaningful steps to address the issues, but we concluded the cultural problems at Blizzard (low morale), combined with disruption caused by the investigation (in particular the departure of the high-level employees mentioned above) materially increased the company's risk profile. While we felt that the company had taken some meaningful steps to improve the culture at Blizzard, we felt it was going to be a challenge for the studio to work through the disruption and deliver these games successfully. As such, with ESG risks elevated, we decided to exit the position we held in the Company's portfolio.

### Governance issues

**Zendesk:** Acquisition not in shareholders' best interests. (October 2021 - January 2022).

Zendesk (ZEN US) announced the acquisition of Momentive (MNTV US) for c\$4bn of Zendesk equity on 28 October 2021. We saw limited strategic merit in the combination of Zendesk and Momentive. We listened carefully to Zendesk's arguments around potential product and go-to-market synergies, but ultimately found these unconvincing – something our discussions with industry analysts and feedback from customers has supported.

We met with Zendesk's investor relations team twice following the announcement of the deal (in November and December 2021) and remained unconvinced as to the deal rationale.

We wrote to Zendesk's Board of Directors (in January 2022) to express our strong opposition to Zendesk's proposed acquisition of Momentive Global and to advise them we would be voting against the proposed transaction. We called on Zendesk's Board to take the requisite steps to terminate the transaction and refocus the company on executing against what remains a meaningful organic growth opportunity and – in our view – the potential for the generation of material shareholder value. We offered to discuss the issue further should they wish.

The company and Zendesk's Board acknowledged our letter and thanked us for our feedback but declined to discuss the proposed deal. Following opposition from other major shareholders and later the proxy advisers, Zendesk lost the shareholder approval vote on 25 February 2022 and terminated the transaction.

**Voting:** Analysts are responsible for voting all proxies. We subscribe to ISS's Proxy services, and record when and why we vote against either ISS or management, which requires lead fund manager approval.

**Escalation:** Initial engagement is typically undertaken with IR/ESG contacts or in the course of company meetings can be raised to C-suite and ultimately to the company's board, although divestment is more likely. We have written to portfolio company boards regarding shareholder dilution, option issuance and to express our opposition to proposed transactions.

**Collaboration:** The UN PRI's Active Ownership 2.0 report, the PRI's Principle 5 (“We will work together...”) cements collective action as a core element of responsible investment. We are open to working with other shareholders where appropriate and supporting industry initiatives. In March 2021, Polar Capital joined the investor-led collaborative engagement initiative Climate Action 100+ and has been participating in active engagement on the climate and carbon reduction strategy of a conglomerate in emerging markets.

## Environmental, Social and Governance (ESG) continued

### Monitoring and oversight

The Company'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 Company's ESG profile and scoring using third-party data methodology, climate risk assessment and norms and controversies screening.

Oversight of the Company's ESG profile and scoring uses a third-party data methodology, which gives an overall asset-weighted score for each portfolio and its benchmark, the analysis of which is the starting point for discussion in oversight meetings.

Climate risk assessment data includes an assessment of the Company 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 Company's 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 Co-operation and Development's Guidelines for Multinational Enterprises. We at Polar Capital use MSCI ESG Norms and Controversies 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.

Polar Capital also incorporates an additional layer of oversight using a 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, and to ensure the ESG integration process is being adhered to. This occurs monthly.

### 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 Company'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 Company's proxy voting activities over the most recent period. A similar dashboard is provided on the next page. Polar Capital has also produced a specific ESG presentation which is available to investors on request.

#### **Alastair Unwin**

Fund Manager, Technology  
Polar Capital

19 July 2022

# MSCI ESG RATINGS

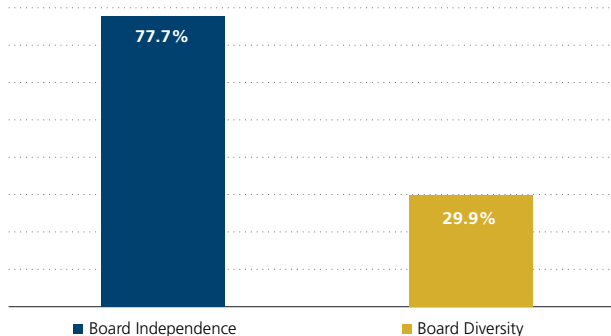


CCC	B	BB	BBB	A	AA	AAA
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	Portfolio
<b>Weighted Avg ESG Score</b>	<b>6.74</b>
Adjustment	
+ ESG Trend Positive	34.58%
- ESG Trend Negative	1.63%
- ESG Laggards	4.91%
Adjustment Total	28.03%
Score Adjustment	1.89
<b>ESG Quality Score</b>	<b>8.63</b>
ESG Rating	AAA

## Corporate governance

The fund's weighted average percentage of independent board of directors is 77.7%, and its weighted average percentage of women on boards is 29.9%.



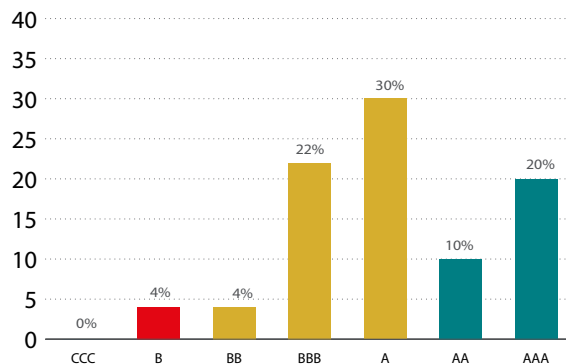
## Top 5 Rated Holdings

Security	Rating	Change
ADOBE INC.	AAA	↑
ASML Holding N.V.	AAA	→
NAVER Corporation	AAA	↑
Taiwan Semiconductor Manufacturing Co., Ltd.	AAA	→
Microsoft Corporation	AAA	→

Source: MSCI

## ESG Rating distribution of fund holdings

30% of the fund's holdings receive an MSCI ESG Rating of AAA or AA (ESG Leaders) and 4% 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.

34.4 tons



MSCI ESG metrics and carbon data based off fund holdings as at 30 April 2022, using MSCI's latest available data. Carbon metrics calculated using issuer EVIC, using Scope 1&2 emissions data (Source: MSCI Climate Change Metrics – reported and estimated data).

## Bottom 5 Rated Holdings

Security	Rating	Change
Zuken	CCC	→
Impinj	CCC	→
Monolithic Power Systems Com	B	→
Harmonic Drive Systems Inc.	B	→
eMemory Technology Inc	B	→

Source: MSCI

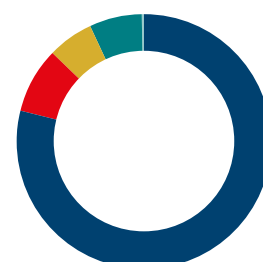
## Voting Record

Category	Number	Percentage
Number of votable meetings	114	
Number of meetings voted	111	97.37
Number of meetings with at least 1 vote Against, Withhold or Abstain	61	53.51

Source: MSCI, ISS

## Vote cast statistics

Votes for	83.47%
Votes against	8.73%
Votes withheld	7.06%
Votes ABSTAIN	0.09%
Votes management say on pay	6.31%



Source: MSCI, ISS

# Governance



## Strategic Report

The Strategic Report section of this Annual Report comprises the Chair's Statement, the Investment Manager's Report, including information on the portfolio, and this Strategic Report. This report has been prepared 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 2022, the position of the Company at the year end and a description of the principal risks and uncertainties. Throughout the Strategic Report there are certain forward-looking statements made by the Directors in good faith based on the information available to them at the time of their approval of this Report. Such statements should be treated with caution due to inherent 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 World 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 the last four 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.

## 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. The Company does not presently and has not immediate intention to hold stocks in Russia.

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 Company's Articles of Association permit borrowings up to the amount of its paid up share capital plus capital and revenue reserves, but any net borrowings in excess of 20% of the Company's net assets at the time of drawdown will only be made with the approval of the Board.

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 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, two-year loan facilities with ING Bank NV: One for 36m US Dollars at a fixed rate of 1.335% pa and one for 3.8bn Japanese Yen at a fixed rate of 0.9% pa, both of which were drawn down on 30 September 2020. These loans fall due for repayment on 30 September 2022. It is anticipated that the loan facilities will 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 (2021: 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, including print, production and website services which it arranges through Perivan and Huguenot Limited respectively, and administrative services, including accounting, portfolio valuation and trade settlement which it has arranged to deliver through HSBC Securities Services ('HSS').

The Company also contracts directly, on terms agreed periodically, with a number of third parties for the provision of specialist services:

- 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; and
- Camarco as PR advisors.



## 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, and procuring accountancy services, company secretarial, marketing and day to day administrative services, including the monitoring of third-party suppliers, which are directly appointed by the Company.

While the Board reviews the performance of the Investment Manager at each Board meeting, and the Company's performance against Benchmark and a peer group of funds with similar objectives, the Management Engagement Committee formally carries out an annual review of the Investment Manager and other suppliers' performance during the year.

Polar Capital provides a team of technology specialists led by Ben Rogoff. Each team member focuses on specific areas while Ben 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 12 and 13.

The Investment Manager has other investment resources which support the investment team and has experience in administering and managing other investment companies.

### 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.

### Fee Arrangements

As reported within the Chair's Statement, following negotiations with the Manager, on 12 January 2022 the Company announced that it had concluded its three-yearly review of the base management fee arrangements. The revised terms came into force on 1 May 2022.

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. Under the terms of the IMA the Board will undertake the three-yearly review of the fee arrangements with the anticipation that any changes proposed and subsequently agreed will take effect from the start of the following financial year.

### Management fee

With effect from 1 May 2022, the base management fee, which is 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

Prior to 1 May 2022, and the fee basis for the financial year ended 30 April 2022, the management fee was payable quarterly in arrears based on the NAV per share ('NAV') on a per share basis as follows:

- **Tier 1:** 1 per cent. for such of the NAV as exceeds £0 but is less than or equal to £800 million;
- **Tier 2:** 0.85 per cent. for such of the NAV as exceeds £800 million but is less than or equal to £1.6 billion;
- **Tier 3:** 0.80 per cent. for such of the NAV as exceeds £1.6 billion but is less than or equal to £2 billion; and
- **Tier 4:** 0.70 per cent. for such of the NAV as exceeds £2 billion.

Any investment in funds managed by Polar Capital are wholly excluded from the base management fee calculation. In addition to the base management fee, the Investment Manager may be entitled to receive a performance fee as detailed below. Management fees of £28,281,000 (2021: £24,134,000) have been paid for the year to 30 April 2022 of which £6,374,000 (2021: £6,844,000) was outstanding at the year end.

### 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 2022 (2021: nil), and therefore no amount (2021: nil) was outstanding at the year end.

### 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; and
- 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.
- If the NPFE is negative, then no performance fee is paid, and the calculation period remains open.

### Other

In addition to the above, the Investment Manager is responsible for the first £200,000 of marketing costs (previously £100k) and all research costs.

### Continued Appointment of Investment Manager

The Board, through the Management Engagement 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.

The Board, on the recommendation of the Management Engagement Committee, has concluded that on the basis of longer-term performance, 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.

## Strategic Report continued

### 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 the continued 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 89. In establishing the positive outlook for the Company over the next five years to 30 April 2027, the Board has taken into account:

<p>The ability of the Company to meet its liabilities as they fall due</p>	<p>The financial position of the Company and its cash flows and liquidity position are described in the Strategic Report and the Financial Statements. Note 27 to the Financial Statements on pages 124 to 131 includes the Company's policies and process for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities. Exposure to credit risk and liquidity risk are also disclosed.</p> <p>The portfolio comprises investments traded on major international stock exchanges, there is a spread of investments by size of company.</p> <p>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 65 to 69 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. COVID-19 was also factored into the key assumptions made by assessing its impact on the Company's key risks and whether the key risks had increased in their potential to affect the normal, favourable and stressed market conditions.</p> <p>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.</p> <p>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 2022 (excluding performance fees) were 0.84% (2021: 0.82%).</p> <p>Repayment of the bank facilities, drawn down at the year end, and due in September 2022, would equate to approximately 16.7% of the cash or cash equivalents available to the Company at 30 April 2022, without having to liquidate the portfolio of investments.</p> <p>The Company has no employees and consequently does not have redundancy or other employment related liabilities or responsibilities.</p>
<p>The Company will propose a resolution on the continuation of the Company at the AGM in September 2025</p>	<p>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 good performance is achieved over the period until the next continuation vote Shareholders will vote in favour of continuation.</p>
<p>Factors impacting the forthcoming years</p>	<p>The Strategic Report and Governance sections, comprising the Chair's Statement, 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 65 and 69.</p>
<p>Regulatory changes</p>	<p>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 in comparison to other competitive products.</p>
<p>Closed-ended Investment Funds</p>	<p>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.</p>

Further, the Board recognises that there has been considerable growth 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 believe it appropriate to confirm their assessment for the longer-term viability of the Company for the next five years to 30 April 2027.

### 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 cash flows, its liquidity position and its assessment

of any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern. In conjunction with the financial considerations taken into account when reviewing the longer-term viability, the Board considered the performance of the Company's net asset value per share (-7.7%) and the benchmark (-0.9%); the liquidity of the portfolio (an estimated 99.8% can be liquidated over seven days) and the opportunity for investment and reinvestment of funds. In reaching these conclusions and those in the Longer-Term Viability Statement, the stress testing conducted also featured consideration of the effects of COVID-19. This is discussed further in the Report of the Audit Committee on page 89. The Board believe that the Company is able to continue in operation and meet its liabilities as they fall due over the next twelve-month period from the date of this Report and it is appropriate to present the Company and the Financial Statements as a Going Concern.

### 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 reviews the performance of the portfolio in detail and hears the views of the Investment Manager at each meeting.	At 30 April 2022 the total net assets of the Company amounted to £3,050,985,000 (2021: £3,408,763,000). The Company's NAV has, over the year to 30 April 2022, underperformed the Benchmark by 6.8%. The NAV per share fell by 7.7% from 2496.44p to 2305.13p while the Benchmark fell 0.9% in Sterling terms over the same period. As at 30 April 2022 the portfolio comprised 96 (2021: 110) investments.  Investment performance is explained in the Chair's Statement and the Investment Manager's Report. Over the longer-term, as shown by the ten year historic performance data shown on page 3, growth in the NAV has exceeded the Benchmark.
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 2022 <ul style="list-style-type: none"> <li>• Minimum discount over year: 0.3%</li> <li>• Maximum discount over year: 15.4%</li> <li>• Average discount over year: 8.6%</li> </ul>

Strategic Report continued

KPI	Control process	Outcome
	<p>The Board is aware of the vulnerability of a sector specialist investment trust to a change in investor sentiment to that sector. 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. 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 remains ready to do so again. 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.</p>	<p>In the year ended 30 April 2022, the Company bought back 4,188,338 ordinary shares at an average discount of 9.6%. Subsequent to the year end and to 15 July 2022, the Company bought back a further 1,475,096 shares.</p> <p>Over the previous five financial years ended 30 April 2022</p> <ul style="list-style-type: none"> <li>• Maximum premium over period: 6.1%</li> <li>• Maximum discount over period: 15.9%</li> <li>• Average discount over period: 4.3%</li> </ul> <p>Over the previous five financial years ended 30 April 2022 the Company has issued 4,978,841 Ordinary shares as a result of market demand.</p>
<p>To qualify and continue to meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010 ('investment trust status').</p>	<p>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.</p>	<p>This has been achieved for every year since launch in 1996.</p> <p>HMRC has approved the investment trust status subject to the Company continuing to meet the relevant eligibility conditions and ongoing requirements.</p> <p>The Directors believe that the tests have been met in the financial year ended 30 April 2022 and will continue to be met.</p>
<p>Efficient operation of the Company with appropriate investment management resources and services from third party suppliers within a stable and risk controlled environment.</p>	<p>The Board considers annually the services provided by the Investment Manager, both investment and administrative, and reviews on a cycle the provision of services from third parties including the costs of their services.</p> <p>The annual operating expenses are reviewed and any non-recurring project related expenditure approved by the Board.</p>	<p>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.</p> <p>The ongoing charges of the Company for the year ended 30 April 2022 excluding the performance fee were 0.84% of net assets (2021: 0.82%). There was no performance fee payable for the year ended 30 April 2022 (2021: nil) and therefore the ongoing charges including the performance fee were 0.84% (2021: 0.82%) of net assets.</p>

## 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.

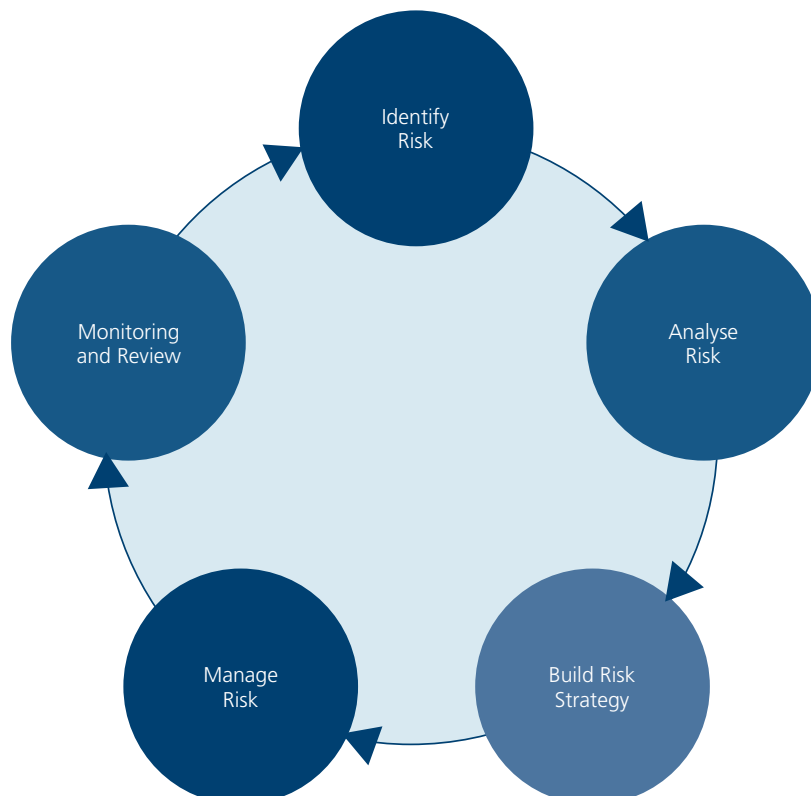
At each Audit Committee, identified principal risks are reviewed and reassessed against the backdrop of the ever changing world the Company is operating in. Furthermore, the Audit Committee carries out, at least annually, a robust assessment of overall risks and uncertainties faced by the Company with 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. Current emerging risks include Climate change, inflation, recession and rising interest rates.

The Committee is mindful of the uncertainty surrounding inflation, recession and rising interest rates coupled with the invasion of Ukraine by Russia and the longer term impact this may have on the market and global economy. The impact of this is discussed further in the Chair's Statement and Investment Manager's Report. Further information on how the Committee has assessed the Company's ability to operate as a going concern and the Company's longer-term viability can be found on pages 62 and 63 of this Strategic Report and on pages 88 and 89 of the Report of the Audit Committee.

The Principal risks 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



Strategic Report continued


Principal Risks and Uncertainties continued

Management of risks through Mitigation & Controls	
PORTFOLIO RISK	
<p><b>Failure to achieve investment objective due to poor performance</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Given the current market volatility as well as the Company's underperformance for the last two years, the Board agreed to elevate this risk following the Company's year-end.</p>	↑
<p><b>Gearing - Breach of covenants/limits or restrictions</b></p> <p>Detailed reports containing financial information are provided to each Board meeting and are used to assess portfolio construction and the degree of risk which the Investment Manager incurs to generate investment returns.</p> <p>Lenders covenants and AIFMD limits are hard coded into the Investment Manager's Bloomberg accounts and trading system which are populated by the Investment Manager's Risk Team. Monthly returns are made to the lender to ensure regular reporting of lending level and covenant monitoring.</p> <p>The Depository also monitors compliance with lending restrictions. Any material breaches immediately notified to Board.</p>	↔
<p><b>Portfolio management errors e.g. breach of policy</b></p> <p>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.</p> <p>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 depository.</p>	↔



## Management of risks through Mitigation &amp; Controls


## 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 Depository.


**IT failure and Cyber Risk** 

The number, severity and success rate of cyberattacks have increased considerably over 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 Investment Manager, 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.

**Black Swan event – e.g. unforeseen natural disaster** 

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 Depository, Custodian, Sub-Custodian** 

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 Depository on the safe custody of the Company's assets. The Board undertakes independent reviews of the Depository and external Administrator services 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 external Administrator and verified by the Investment Manager.





**Supplier risk – failure in provision of efficient services by service providers** 

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.

Strategic Report continued

Principal Risks and Uncertainties continued

Management of risks through Mitigation & Controls	
<b>REGULATORY RISK</b>	
<b>Breach of Statutes and Regulation</b>	
<p>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.</p> <p>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.</p> <p>The Board keeps abreast of third party service provider internal controls processes to ensure requirements are met in accordance with regulatory requirements.</p>	
<b>Failure to effectively communicate with investors</b>	
<p>Polar Capital Sales Team and the Corporate Broker provide periodic reports to the Board on communications with shareholders and feedback received.</p> <p>The Audit Committee received the half-year and annual financial statements prior to sign-off and makes recommendations to the Board.</p> <p>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.</p>	
<b>ECONOMIC AND MARKET RISK</b>	
<b>Global geo-political risk</b>	
<p>The Board regularly discusses the global geopolitical issues and general economic conditions and developments. Note 27 on pages 125 to 128 describes the impact of changes in foreign exchange rates. The Company's largest exposure is to the level of US \$ holdings.</p> <p>Subsequent to the Company's year-end, this risk was elevated following the invasion of Ukraine by Russia coupled with the uncertainty and volatility in financial markets. 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 within overall.</p>	
<b>Uncertainty in regulatory environment and impact of Brexit</b>	
<p>Due to the high level of US investments (74.2% based on the NAV) and the low level of UK investments (0.42% based on the NAV) the Board does not believe that there is likely to be any direct impact on the operation of the Company or the structure of the portfolio following the completion of the Brexit transition period.</p> <p>The Company has a varying level of cash which is primarily held in US Dollars and also has loan facilities in both Japanese Yen and US Dollars. Fluctuations in exchange rates are monitored which may impact investor returns. An analysis of currency is given in Note 27 to the Financial Statements.</p>	

Management of risks through Mitigation & Controls

**KEY STAFF RISK**

**Loss of Portfolio Manager or other Key staff**



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.

**Insufficient resource or experience on the Board**



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

The statutory duties of the Directors are listed in s171-177 of the Companies Act 2006. Under s172, Directors have a duty to promote the success of the Company for the benefit of its members (our 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 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 legislative and regulatory developments. They also have continued access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can 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 stakeholders and these are taken into account during all of its discussions and as part of its decision-making. 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
<b>Shareholders</b>	<p>The Directors have considered this duty 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.</p> <p>The Directors were unable to have the usual face to face interactions with shareholders for most of the financial year due to the guidance from the UK government in respect of gatherings of people, however some of these were replaced with remote meetings between the Chair and investors. Once restrictions allowed, the Directors along with the Portfolio Manager reinstated face to face meetings and interacted with a number of shareholders and institutions in addition to holding the annual Investor Relations dinner in October 2021. Positive feedback was received from all attendees of the dinner who welcomed the opportunity to interact with the Board and Manager again.</p> <p>The Board will continue to respond to the helpful pointers given and welcome other interaction with shareholders wherever possible; the Portfolio Manager will look to continue face to face shareholder meetings once again in the second half of the year. In addition, the Chair will write to the Company's largest Shareholders following the publication of the Annual Report and Financial Statements offering the opportunity to have a meeting.</p> <p>The Company's AGM will be held at 2:30pm on Thursday 8 September 2022. Following the events of the COVID-19 years, we have decided to continue to offer the flexibility to Shareholders to attend the meeting either in person or electronically. Feedback from the hybrid meeting held in 2021 was positive and we found that while the meeting was not well-attended when compared to the pre-COVID years, Shareholders were encouraged by the options presented to them which translated into near-equal attendance in person and electronically. 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 vote and participate either in person or electronically. Unless circumstances change, the meeting will be held at Haberdashers' Hall, 18 West Smithfield, London, EC1A 9HQ and online via the Lumi Global Electronic Platform.</p>

Stakeholder Group	How we engage with them
	<p>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 <a href="mailto:cosec@polarcapital.co.uk">cosec@polarcapital.co.uk</a> stating the subject matter as <b>PCTT-AGM</b>. The investment manager gives a presentation and the Chair of the Board and of each Committee attends and are available to respond to questions and concerns from Shareholders.</p> <p>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 Annual Report will detail the impact the Shareholder feedback has had on any decisions the Board has taken and any actions or resolutions proposed.</p>
	<p><b>Relations with Shareholders</b></p> <p>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 meetings attended with Shareholders and any concerns that are raised in those meetings. The Board also reviews correspondence from Shareholders and may attend investor presentations.</p> <p>The Chair has communicated directly with the shareholders representing in the region of 67% of the share register, during the year and responded to comments raised both at the AGM and via email.</p> <p>Shareholders are able to raise any concerns directly with the Board without using the Manager or Company Secretary as a conduit. The Chair or other Directors are available to Shareholders who wish to raise matters either in person or in writing. The Chair and Directors may be contacted through the registered office of the Company.</p> <p>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.</p> <p>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.</p> <p>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 <a href="http://www.shareview.co.uk">www.shareview.co.uk</a>. Other services are also available via this service.</p>

Section 172 Statement continued

Stakeholder Group	How we engage with them
	<p><b>Outcomes and strategic decisions during the year</b></p> <p><b>Buybacks</b></p> <p>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 4,188,338 shares during the year under review. Subsequent to the year end and to 15 July 2022, the Company bought back a further 1,475,096 shares.</p> <p><b>Gearing</b></p> <p>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 2022, consideration will be given to the renewal of, or the replacement of, the term loans if it is deemed to be in the best interests of shareholders in maximising returns.</p> <p><b>Continuation Vote</b></p> <p>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.</p> <p><b>Directors' Remuneration</b></p> <p>As detailed in the Chair's statement and Remuneration Committee report, the remuneration of Directors is reviewed regularly and was increased with effect from 1 May 2021 and again from 1 May 2022, to reflect the greater regulation, increasing workload and to attract and retain the necessary calibre of Director for the Company.</p>

Stakeholder Group	How we engage with them
<b>Investment Manager</b>	<p data-bbox="379 490 531 524"><b>Engagement</b></p> <p data-bbox="379 535 1358 651">Through the Board meeting cycle, which was enhanced in 2020 to include additional monthly informal update meetings, 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:</p> <ul data-bbox="379 667 1425 931" style="list-style-type: none"> <li>• Ensuring adherence to the Investment Policy;</li> <li>• Ensuring excessive risk is not undertaken in the pursuit of investment performance;</li> <li>• Ensuring adherence to the Investment Management Policy and reviewing the agreed management and performance fees;</li> <li>• Reviewing the Investment Manager's decision making and consistency in investment process; and</li> <li>• Considering the succession plans for the Technology Team in ensuring the continued provision of portfolio management services.</li> </ul> <p data-bbox="379 947 1418 1153">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.</p> <p data-bbox="379 1169 948 1202"><b>Outcomes and strategic decisions during the year</b></p> <p data-bbox="379 1214 432 1247"><b>ESG</b></p> <p data-bbox="379 1258 1390 1375">During the year under review, the Board continued to develop its approach to ESG and engages with the Investment manager to better understand how ESG has been further integrated into the investment and decision-making process. The Board also receives information on how ESG affects Polar Capital as a business and the technology team in particular.</p> <p data-bbox="379 1391 1430 1563">In addition to this, the Board has chosen to appoint Catherine Cripps as ESG lead. Catherine has been responsible for ensuring that the Board is kept abreast of the latest developments in this area to develop how the Company can report to stakeholders in line with such. Catherine has worked with the manager to develop a dashboard which allows us to see how the manager is considering ESG matters, and whether that meets our requirements. Please see page 53 of the ESG Report for further information.</p> <p data-bbox="379 1579 1383 1639">The Management Engagement Committee has recommended the continued appointment of the Investment Manager on the terms agreed within the Investment Management Agreement.</p> <p data-bbox="379 1655 437 1688"><b>Fees</b></p> <p data-bbox="379 1700 1425 1783">During the financial year under the review, a three-yearly review of the fee arrangements was undertaken as per the IMA and following this review, it was agreed that the base management fees be reduced to three tiers. Further information is contained in the Strategic report on pages 60 and 61.</p>

Section 172 Statement continued

Stakeholder Group	How we engage with them
<p><b>Investee Companies</b></p>	<p><b>Stewardship</b></p> <p>The Board has instructed the Investment Manager to take into account the published corporate governance policies of the companies in which it invests.</p> <p>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.</p> <p>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 (<a href="http://www.polarcapital.co.uk">www.polarcapital.co.uk</a>).</p> <p>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.</p> <p>During the year ended 30 April 2022, votes were cast at 97.4% of investee company general meetings held. At 53.5% 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 44 to 53.</p> <p><b>Outcomes and strategic decisions during the year</b></p> <p>During the year the Board discussed the impact of ESG and how the Investment Manager factors it into its decision making. In addition, consideration was given to the Company’s ESG journey going forward and the form this would take.</p>
<p><b>Service Providers</b></p>	<p><b>Engagement</b></p> <p>The Directors have frequent engagement with the Company’s other service providers through the annual cycle of reporting and when possible site visits and due diligence meetings. As reflected below, the schedule of deep-dive in-person meetings are due to re-commence in 2022. 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 in a virtual fashion and where possible, service providers have joined video conference meetings to present their reports directly to the Board or the Audit Committee as appropriate. While we have been unable to hold in-person due diligence sessions with suppliers due to COVID restrictions a programme of meetings has been put together for the year ahead.</p> <p><b>Outcomes and strategic decisions during the year</b></p> <p>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 Company. 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.</p>

Stakeholder Group	How we engage with them
<b>Proxy Advisors</b>	<p><b>Engagement</b></p> <p>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.</p> <p>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.</p> <p>Prior to AGMs, the Company engages with these agencies to fact check their advisory reports and clarify any areas or topics that the agency requests. 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.</p> <p><b>Outcomes and strategic decisions during the year</b></p> <p>The Nomination Committee considers the time commitment required of Directors and the Board considers each Director's independence on an ongoing basis. The Directors have also considered the proxy adviser agencies policies on overboarding when Directors request approval for additional appointments and when recruiting new Directors. The Board is aware that some investment companies and other AIM listed companies have less regulatory burden than companies with a premium listing and this is taken into consideration when approving such requests. The Board have confirmed that all Directors remain independent and are able to commit sufficient time in fulfilling their duties, including those listed on s172 of the Companies Act. Accordingly, all Directors are standing for election/re-election at the Company's AGM, with the exception of the Chair who shall retire from the Board in line with the Company's succession plans. Further information has been provided where appropriate in each directors biography on pages 10 and 11.</p>
<b>THE AIC</b>	<p><b>Engagement</b></p> <p>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.</p>

Approved by the Board on 19 July 2022

By order of the Board

**Tracey Lago, FCG**

Polar Capital Secretarial Services Limited

Company Secretary

19 July 2022

# Report of the Directors

The Directors, who are listed on pages 10 and 11, present their annual report, together with their Report on Corporate Governance and the Audited Financial Statements for the year ended 30 April 2022. In addition, the attention of Shareholders is drawn to the Strategic Report Section (Chairman'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 10 and 11. All the Directors held office throughout the year under review. All Directors, with the exception of Sarah Bates, who is retiring from the Board, will seek election/re-election at the AGM in September 2022 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' election/re-election and the rationale for such is set out on pages 10 and 11. The report of the Nomination Committee on pages 84 and 85 provides more information on the composition of the Board.

## 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 78 to 86 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 2022, there were 137,315,000 ordinary shares in issue of which 4,958,574 were held in treasury (2021: 770,236 ordinary shares held in treasury). As at 15 July 2022, the latest practicable date prior to signing of this report, there were 137,315,000 ordinary shares in issue of which 6,433,670 were held in treasury.

### Changes During the Year

In the year under review, the Company bought back 4,188,338 ordinary shares which were placed into treasury. Since the year ended 30 April 2022 to 15 July 2022, a further 1,475,096 shares have been bought back and placed in treasury. Further details can be found in Note 18 on page 121 to the Financial Statements.

Further information on transferability and the voting rights attached to these shares can be found in the Shareholder information page 139.

## Powers to issue and make market purchases of ordinary shares

The Board was granted authority by Shareholders at the AGM in 2021 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 2021 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 20,583,520 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 2022 and renewal of the authorities will be sought at that AGM.

## 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 42 and 43.

## Major interests in ordinary shares

As at the year end of 30 April 2022, 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	15,017,658	11.47%
Brewin Dolphin Ltd	Indirect	9,946,829	7.59%
Investec Wealth & Investment Ltd	Direct	6,813,636	5.20%
Quilter plc	Indirect	6,704,725	5.12%
Lazard Asset Management LLC	Both	6,383,454	4.87%

\* The above percentages are calculated by applying the ordinary shareholdings as notified to the Total Voting Rights of the issued ordinary share capital at 15 July 2022 of 130,881,330 and do not necessarily match the submitted TR1s.

## 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, 8 September 2022. Please see pages 138 and 139 for further information on the resolutions to be proposed.

### Tracey Lago, FCG

Director

Polar Capital Secretarial Services Limited

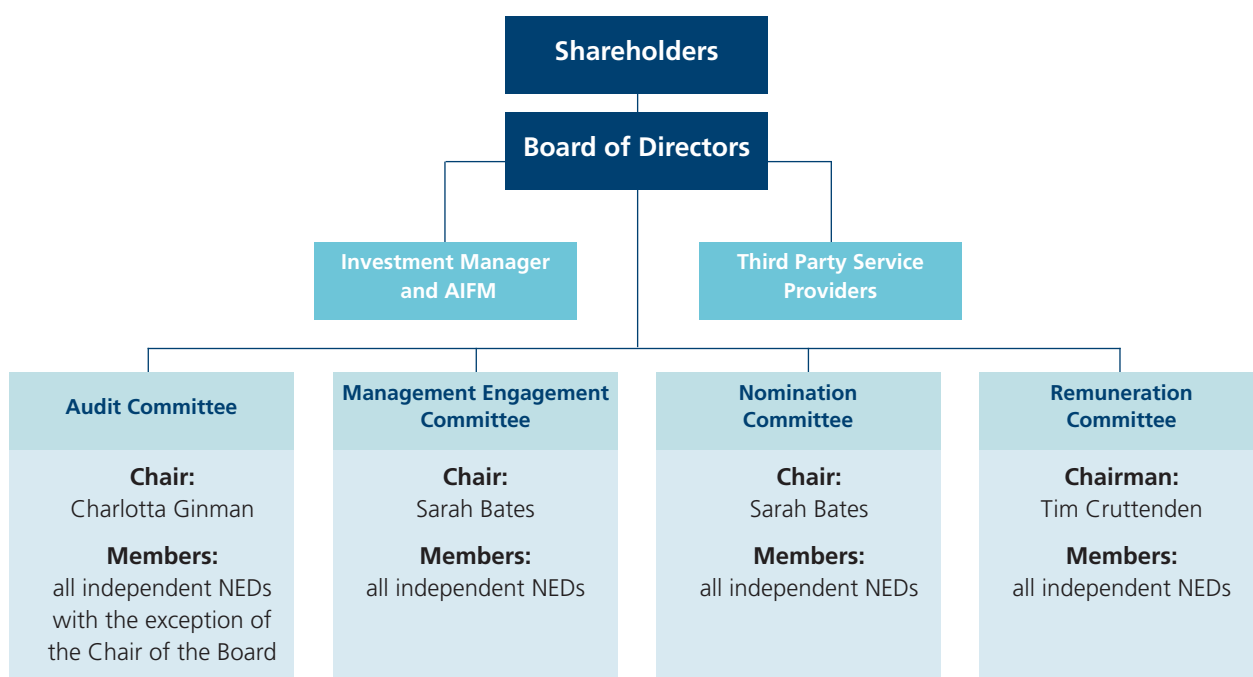
Corporate Secretary

19 July 2022

# Report on Corporate Governance

## Corporate Governance Framework

The following diagram demonstrates the governance framework within which the Company is managed. 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 Financial Reporting Council (FRC) has endorsed the Association of Investment Companies ('AIC') Code of Corporate Governance (the 'AIC Code') issued in February 2019, for AIC Member Companies to report against in relation to their corporate governance provisions. The AIC Code addresses the relevant principles set out in the 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.

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code) and considers that reporting against the Principles and Provisions of the AIC Code provides more relevant information to Shareholders.

As an externally managed investment trust many provisions of the FRC 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. In addition, there are provisions within the FRC UK Code which the Board has chosen to depart from in favour of following the AIC Code, such as the Company's formal Chair Tenure Policy which allows the Chair to continue in role in excess of 9 years. See page 83 for more information.

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

The AIC Code is available on the AIC website ([www.theaic.co.uk](http://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

#### 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

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. Investment management fees are reviewed periodically, with the latest review being undertaken during this financial year. Further detail is provided below in the Report of the Management Engagement Committee on page 80.

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 70 to 75. 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 facilitated by an external evaluator every three years. The evaluation process is managed by the Nomination Committee and the outcomes from this year's external evaluation are detailed on page 84.

#### Role, responsibilities and committees of the board

The Board has created four standing committees for which terms of reference are available on the Company's website. 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. The Board has delegated to each of the Audit, Management Engagement, Remuneration and Nomination committees specific remits for consideration and recommendation, but the final responsibility in these areas remains with the Board.

The number of formal meetings of the Board and its committees held during the year ended 30 April 2022 and the attendance of individual Directors are shown on page 80. The Board also holds monthly investment update meetings to keep up to date on the Company's performance, review market effects of global issues such as the invasion of Ukraine by Russia and put in place any responses or practices deemed appropriate according to the live market and industry situation and discuss operational aspects with representatives of the Investment Manager.

## Report on Corporate Governance continued

	Board & Strategy	Audit	Management Engagement	Remuneration	Nomination	2021 AGM
<b>Number of Meetings</b>						
Sarah Bates*	6	3	2	1	1	1
Tim Cruttenden	6	3	2	1	1	1
Charlotta Ginman	6	3	2	1	1	1
Charles Park	6	3	2	1	1	1
Stephen White	6	3	2	1	1	1
Catherine Cripps**	3	1	1	-	-	-
Jane Pearce**	3	1	1	-	-	-

\* Sarah Bates attends the Audit Committee by invitation.

\*\* Appointed 6 September 2021.

## Service Provider Performance Evaluation Process

### 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. It is the Portfolio Manager's sole responsibility 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 Manager 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 Management Engagement Committee

The Management Engagement Committee is chaired by Sarah Bates and comprises all of the independent Non-executive Directors. During the financial year ended 30 April 2022 the Committee met twice to consider the relationship with, and the services provided by the Manager prior to making its recommendation to the Board that the retention of the Manager would be in the best interests of Shareholders.

The Committee is also responsible for keeping under review the terms of the Investment Management Agreement ('IMA') and the Manager's appointment as AIFM. In connection with the IMA review, the Committee considers the level and structure of management and performance fee paid or payable to the 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. In January 2022, we concluded our three-yearly review of the base management fee and agreed a new tiered base structure which became effective from 1 May 2022. Further details on the new Management fee structure can be found on pages 60 and 61 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 Company uses a variety of performance measures when monitoring the performance of the portfolio managed by the Portfolio Manager. These measures are considered to be Alternative Performance Measures under the ESMA\* guidelines and are described further on pages 134 to 136.

### 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 each Board meeting 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.

### Report Of The Nomination Committee

The Report of the Nomination Committee can be found under Composition, Succession and Evaluation on pages 83 to 85. Due to the fully independent non-executive Board comprising seven Directors, the Board has deemed it appropriate for the full Board to also fulfil the role of the Nomination Committee.

### 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 87 to 91.

### 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 92 to 97.

\*See Glossary on page 136

## 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. Sarah Bates was appointed to the Board in 2011 and appointed as Chair of the Board in 2017. The Chair was independent on appointment and continues to meet the criteria for independence with the exception of tenure in excess of 9 years which the Board has countered by implementing a formal Chair tenure policy. 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. Please refer to page 83 for more detail on the Chair Tenure Policy. The Board considers the competence and independence of the Directors on an annual basis. As reported in the Chair's Statement, Sarah Bates will retire from the Board at the conclusion of the Company's forthcoming AGM following c.11 years' service on the Board and will be succeeded by Catherine Cripps subject to her election by Shareholders at the Company's AGM.

### The Senior Independent Director ('SID')

The SID leads on matters relating to Chair succession, evaluation and remuneration of the Chair and can be contacted via the Registered Office of the Company.

### Board Responsibilities

The Board currently comprises seven 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.

## Report on Corporate Governance continued

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, Tracey Lago, 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 the change in PIRC's voting guidelines which recommend 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 Board 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.

### Delegated Responsibilities

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. The Chair of each committee attends the AGM to deal with questions relating to the Annual Report and Financial Statements. Attendance at each of these meetings is disclosed above on page 80. 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 Sarah Bates 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.

### 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 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.

No Director has declared the receipt of any 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 96 of the Directors' Remuneration Report.

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

### Board composition

When considering Board structure and composition, the Nomination Committee seeks to ensure the candidates considered will enhance the Board and replace or refresh desired skill sets.

### Board diversity

In accordance with the Disclosure and Transparency Rules, the Company is required to have a Diversity Policy; however, as an investment company with no employees and only an independent Board, the Board does not feel a formal Diversity policy is required but instead, commits to consider 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 Hampton-Alexander and Parker 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 Committee notes the requirements of the FCA Diversity and Inclusion Policy published in April 2022 and, whilst the Board does meet the gender requirements, being a minimum of 40% female Board members and having at least one senior female appointment, the current composition does not satisfy the ethnicity requirements (at least one non-white ethnic minority Board member). The Board will continue to keep this under consideration as part of the Board's future succession plans and will provide full disclosures in next year's annual report as required under the FCA's policy.

### 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.

As reported in last year's Annual Report, the sub-committee of 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. In order to encourage all relevant candidates, including those with little or no board level experience, the sub-committee initiated the process early in order to provide a longer hand-over process. The Company engaged Nurole to assist with the recruitment search and to identify suitably qualified external candidates and a formal recruitment process was undertaken which culminated in the appointment of Jane Pearce as Audit Chair Elect and Catherine Cripps 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. Both Jane and Catherine will seek election at the AGM on 8 September 2022 in accordance with the Articles of Association.

On 27 May 2022, the Board announced that, subject to shareholder election, Catherine Cripps would succeed Sarah Bates as Chair of the Board following Sarah's retirement from the Board at the conclusion of the AGM in September 2022.

### Chair Tenure Policy

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's policy is that the maximum tenure for the Chair is up to 12 years (where up to nine years of this could be served as a Non-executive Director).

The Board believes that, unless assuming the role of Chair or there being unforeseen circumstances, Directors will retire from the Board at the AGM following nine years of service.

## Report on Corporate Governance continued

### 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 10 and 11 and the Chair's letter which accompanies the Notice of Annual General Meeting at which the re-election resolution is being put to Shareholders.

### Report of the Nomination Committee

Sarah Bates, as Chair of the Board, chairs the Nomination Committee and all Directors are members. The Committee meets at least annually and is responsible to the Board for the size and structure of the Board as well as for succession planning and the tenure policies for the Chair and Directors.

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.

### Meetings and Work Undertaken

During the financial year ended 30 April 2022 the Nomination Committee met once and considered the structure, size and composition of the Board. It was agreed that all relevant targets were being met in relation to experience and expertise on the Board. As noted above the sub-committee appointed in 2019 continued in effect through the year under review.

### Evaluation

The Nomination 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. As recommended by the AIC Code, being three years since the last external evaluation took place in 2019, the Evaluation for 2022 was conducted by Stephenson Executive Search, an independent external Board Evaluator. The evaluation process involved each Director, the Portfolio Manager and the Company Secretary having individual interviews with the Evaluator following which a report was provided to the Chair and thereafter the whole Board.

The key points that the external evaluation highlighted were:

- *The Board was noted as being particularly strong in investment management and financial services with emphasis on technology and corporate governance. The Directors were noted as having substantial public company board experience and, four of the Directors had significant accountancy expertise.*
- *The Board size was noted as large with a recommendation that this could be reduced; the Board have addressed this with the succession of the Chair being an internal appointment with no replacement to immediately be recruited. The recommendations of the external evaluator were considered when determining the succession plan.*
- *It was highlighted that the Board committees work well and are effective in their requirements. It was further highlighted that the Board works in a harmonious and collegiate manner under a well organised and well-respected Chair. Relationships with the Manager were positive with high regard being given to the Portfolio Manager and noting the conscientious and effective service provided by the Company Secretary.*
- *Finally, the Evaluator noted that remuneration levels of investment trust directors had increased in line with increased fiduciary duties and regulatory responsibility; the Evaluator recommended the Board consider the remuneration levels of the Directors and particularly the Chair which was significantly below market rate.*

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. The Committee has determined that each Director 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.

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 Company has no employees and the Board is currently comprised of four female and three male Non-executive Directors. When new appointments are made to the Board, the Board will continue to have regard to the benefits of diversity, including gender and ethnicity, when seeking to make any such appointments.

External evaluations have been completed every three years whilst the Company has been a constituent of the FTSE 350.

## 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, MiFID II 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, including the policies put in place in connection with COVID-19. The reports also include results of tests, with details of any known internal control failures from the Investment Manager for its financial year ended 31 December 2021. For the year under review, no material errors or control failures had been identified. The Manager has subsequently provided confirmation that there has been no material change to the control environment up to the date of signing these Financial Statements.

The Board also considers reports provided by other 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.

Based on the work of the Audit Committee and the reviews of the reports received by the Audit Committee on behalf of the Board, the Board has concluded that there were no material control failures during the year and up to the date of this report.

## Report on Corporate Governance continued

### 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 Company's remuneration policy, approved by Shareholders at the AGM in September 2020, is detailed within the Report of the Remuneration Committee on page 92 and explains how the policy is designed to support strategy and promote long-term sustainable success. The Committee meets at least annually and is responsible to the Board for consideration and recommendations in relation to directors' remuneration. Consideration is given to peer investment trust companies remuneration levels, industry guidance, the work undertaken by the Board in the prior year and plans for the year ahead. Remuneration levels are set to attract and retain the correct calibre of individual to the Board. Further details are provided in the Directors' Remuneration Report on pages 92 and 97. The Directors are excluded from discussions in relation to their own remuneration.

By order of the Board

#### **Tracey Lago, FCG**

Polar Capital Secretarial Services Limited  
Company Secretary

19 July 2022



# Audit Committee Report



**Charlotta Ginman**  
Chair of the Audit Committee

## Introduction from The Chair

I am pleased to present, as Chair of the Audit Committee, my seventh annual report to Shareholders. As reported in the Chair's statement, as part of phase one of the Board's succession plans, we went through a recruitment process during the year under review to recruit an Audit Chair Elect to succeed me when I reach nine years' service in 2024. Following this process, Jane Pearce joined the Board on 6 September 2021 as Audit Chair Elect. Jane and I will work together to ensure a smooth and orderly handover process ahead of my retirement from the Board in 2024.

## 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 10 and 11.

During the year the Audit Committee met three times, with all members of the Committee attending each meeting with the exception of Jane Pearce and Catherine Cripps who officially joined the Committee on 6 September 2021 having observed as guests the Committee meeting held on 1 September 2021. The Committee has primarily functioned remotely for the financial year due to the restrictions in place in relation to the COVID-19 pandemic. Zoom videoconferencing and online Diligent

Boardbooks were utilised to assist with the smooth running of meetings. I am pleased to confirm that this has worked well, all Committee members have been able to operate as effectively as before and that there has been no break in service from external providers. Since the year end, the Committee is pleased to have returned to in person meetings.

## 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 approved by the Board, are available to view on the Company's website, [www.polarcapitaltechnologytrust.co.uk](http://www.polarcapitaltechnologytrust.co.uk).

## Significant issues considered by the Audit Committee during The Year

### Geopolitical events

This time last year we were reporting on the effect of the COVID-19 pandemic on the portfolio and market disruption in general. Thankfully we now appear to be seeing the last signs of COVID-19 as a pandemic and the first signs of it becoming something that we should all continue to be aware of and live with as carefully as we can.

Focus has shifted as we now watch the impact of the Russian war on Ukraine as well as the effects of inflation. The consequences of these events can be seen globally 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 16 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. We have continued to stress test our assumptions when considering the Company's ability to continue as a going concern and making a statement in regard to the Company's ongoing viability.

## Audit Committee Report continued

### Audit Regulation

Since my last report to you, the Committee has not this year had to consider any new material regulations.

As reported last year, the Committee is aware of the extensive proposals outlined by the Department of Business, Enterprise, Industry and Skills consultation (“BEIS”) which seek to strengthen the UK’s audit and corporate governance framework. The outcomes of the consultation process were published on 31 May 2022. The Committee will therefore review the detail of and implement any primary legislation arising from the reforms and consider any suggested guidance from BEIS for good practice. The Committee will report on any changes made in the next Annual Report.

### 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 confirming their work based on substantive testing of the financial statements.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30 April 2022, 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 110 to 114 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 IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Company’s Financial Statements.

#### European Single Electronic Format (ESEF)

With effect from this financial year (30 April 2022), the Company is required under ESEF regulations to prepare and file accounts in xHTML format. As the Company prepares single accounts, it is exempt from filing consolidated accounts with full ESEF tagging.

#### Going Concern

The Audit Committee, at the request of the Board, 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 2022 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 17% cash equivalents readily available to the Company as at 30 April 2022; the diversification of the portfolio; and the analysis of portfolio liquidity, which estimated liquidation of 99.8% of the portfolio within seven trading days.

The Committee is mindful of the uncertainty surrounding inflation, recession and rising interest rates coupled with the invasion of Ukraine by Russia and the longer term impact this may have on the market and global economy. As noted above, these have been included on the Company's risk register 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 64 and 69 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 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 2027 were reasonable. See pages 62 and 63 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 Arrk Solutions for the iXBRL tagging of the Company's accounts for submission to HM Revenue and Customs.

At the Audit Committee meeting in May 2022, 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 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. The Committee has continued to review 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 considered the likelihood, impact, mitigating factors and controls to reduce the impact of such risks as described on pages 64 and 69. This process was carried out throughout the year and is the means by which the Risk Map is monitored and kept relevant by reflecting any changes to the source and level of risks facing the Company.

The Audit Committee has met to discuss and assess 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 through the use of heat maps, for example. The Committee will actively continue to monitor the system

## Audit Committee Report continued

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 a virtual due diligence site 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 Depository. 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, which the Committee completed in financial years prior to the COVID-19 pandemic have been reintroduced and the schedule of meetings will commence in mid-2022.

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 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](http://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 2022.

### 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 and has served as Audit Partner until completion of the current financial year's audit being the year ending in April 2022, being five full audit years; he will be succeeded by Mr Philip Merchant who will complete his first audit with the Company for the 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. 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 2022, 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 2022 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. For the financial year 2021, COVID-19 led to an increased level of scrutiny of the Company's going concern and longer-term viability testing by the Auditors. As detailed above the Company has continued to utilise enhanced stress testing as a matter of best practice. 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 2022 audit 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 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 and 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

In order 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 £45,000 (2021: £40,000 plus an overrun fee of £3,500 for the financial year 2020 audit which was recognised in the financial year 2021). The fee represents a further increase on the prior year to reflect the level of audit work required to perform a robust quality audit. Increased resource is being committed by audit firms, particularly in terms of partner level involvement. The year-on-year increase, whilst unwelcome, 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.

In addition to the regular audit fee for the 2021 financial year, overrun fees were incurred in the completion of the 2021 audit and during the financial year ended 2022, of £12,000 and £10,000 respectively. The company recharged these to the investment manager given the nature of the additional audit work undertaken.

The Audit Committee is conscious of the increased external audit fees which continue to be proposed across the industry in connection with increased levels of liability and regulatory risk. The Audit Committee therefore continues to keep fee levels under close review and considers that any fee increases must be justified, particularly given the impact of technology reducing audit man hours, the very high proportion of the Company's balances which can be verified easily by reference to independent sources and the low incidence of management estimates within the accounts.

## 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 is produced in line with the FRC Ethical Standards (updated in 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

As a member of the FTSE350, the Company is required to engage in an external Board evaluation at least every three years. Such an external evaluation was last carried out during the financial year under review by Stephenson Executive Search, an independent third-party specialising in board evaluation. I am delighted to confirm that the findings of the evaluation processes were positive in all aspects and the Audit Committee was highly rated. 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

19 July 2022

# Directors' Remuneration Report



**Tim Cruttenden**  
Independent Non-executive Director

## 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 2022. It has been audited where indicated.

## Chairman's Report

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](http://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. We considered comparative fees, inflation and the need to attract and retain capable people to the role, as well as the requirements to avoid conflicts and time constraints.

## 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
<p>The Board consists entirely of independent Non-executive Directors, who meet regularly to deal with the Company's affairs.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Non-executive Directors are appointed initially for a three-year term, subject to annual re-election by Shareholders in accordance with the AIC Code.</p> <p>All fees are paid by credit transfer monthly in arrears, to the Director concerned.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p>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.</p>	<p>Non-executive Directors do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes.</p>	<p>There are no performance conditions relating to Non-executive Directors fees.</p>

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 2022. The results of the Shareholder vote on the Directors' Implementation Report and on Directors' Policy Report submitted to the 2021 Annual General Meeting were as follows:

	Implementation Report for the Year ended 30 April 2021	Remuneration Policy for the three years ending on 30 April 2024
Votes for	99.91% of votes cast	99.94% of votes cast
Votes against	0.09% of votes cast	0.06% of votes cast
Votes withheld	51,038	1,379,929

## 2021/22 Fees Paid

In the year under review the Directors' fees were paid at the following annual rates, the Chair £50,000; other Directors £31,500 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. The Committee, when considering fees, favours modest annual increases rather than larger increases awarded at longer intervals.

In May 2022, the Committee carried out a review of Directors' remuneration which included a selection of peer comparisons and external reports including the Nurole Compensation Report and the Trust Associates 2021 Fee Review. Consideration was also given to the external Board Evaluation results 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 2022:

## Chair

The annual fee for the Chair has been increased from to £50,000 to £55,000 pa. This is an increase of 10%. Taking into account the Chair fees paid by Investment Trusts of a similar size, the Committee reflected that the rate could be increased further but would consider such in the 2023 review.

## Directors

The annual fee for a Non-executive Director has been increased from £31,500 to £33,000 pa, representing a 4.7% 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 current Chair, are expected to total £243,000. 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

## Directors' Remuneration Report continued

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 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.

### 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 2022 (Audited)

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

	Year ended 30 April 2022			Year ended 30 April 2021		
	Fixed fee	Taxable expenses <sup>1</sup>	Total Remuneration	Fixed fee	Taxable expenses <sup>1</sup>	Total Remuneration
Sarah Bates (Chair)	£50,000	–	£50,000	£46,500	–	£46,500
Charlotta Ginman (Chair of the Audit Committee)	£38,500	–	£38,500	£36,000	–	£36,000
Tim Cruttenden (Senior Independent Director)	£35,700	–	£35,700	£33,431	–	£33,431
Charles Park	£31,500	–	£31,500	£30,000	–	£30,000
Stephen White	£31,500	–	£31,500	£30,000	–	£30,000
Jane Pearce (appointed to the Board with effective from 6 Sep 2021)	£20,677	£777	£21,454	–	–	–
Catherine Cripps (appointed to the Board with effective from 6 Sep 2021)	£20,677	–	£20,677	–	–	–
Peter Hames (retired as Senior Independent Director and from the Board on 8 July 2020)	–	–	–	£6,451	–	£6,451
<b>TOTAL</b>	<b>£228,554</b>	<b>£777</b>	<b>£229,331</b>	<b>£182,382</b>	<b>–</b>	<b>£182,382</b>

Note 1: Taxable travel and subsistence expenses incurred in attending Board and Committee meetings. The amount disclosed above is the gross amount.

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 2018	Year to 30 April 2019	Year to 30 April 2020	Year to 30 April 2021	Year to 30 April 2022
Chair	£41,500 +3.8%	£43,000 +3.6%	£44,300 +3.0%	£46,500 +5.0%	£50,000 +7.5%
Directors' fees	£26,800 +4.1%	£27,600 +3.0%	£28,400 +2.9%	£30,000 +5.6%	£31,500 +5.0%
Additional fees:					
Chair of the Audit Committee	£3,500 +16.7%	£3,600 +2.9%	£5,000 +38.9%	£6,000 +20%	£7,000 +16.6%
Senior Independent Director	£3,500 +16.7%	£3,600 +2.9%	£3,700 +2.8%	£4,000 +8.1%	£4,200 +5.0%

## Directors' Remuneration Report continued

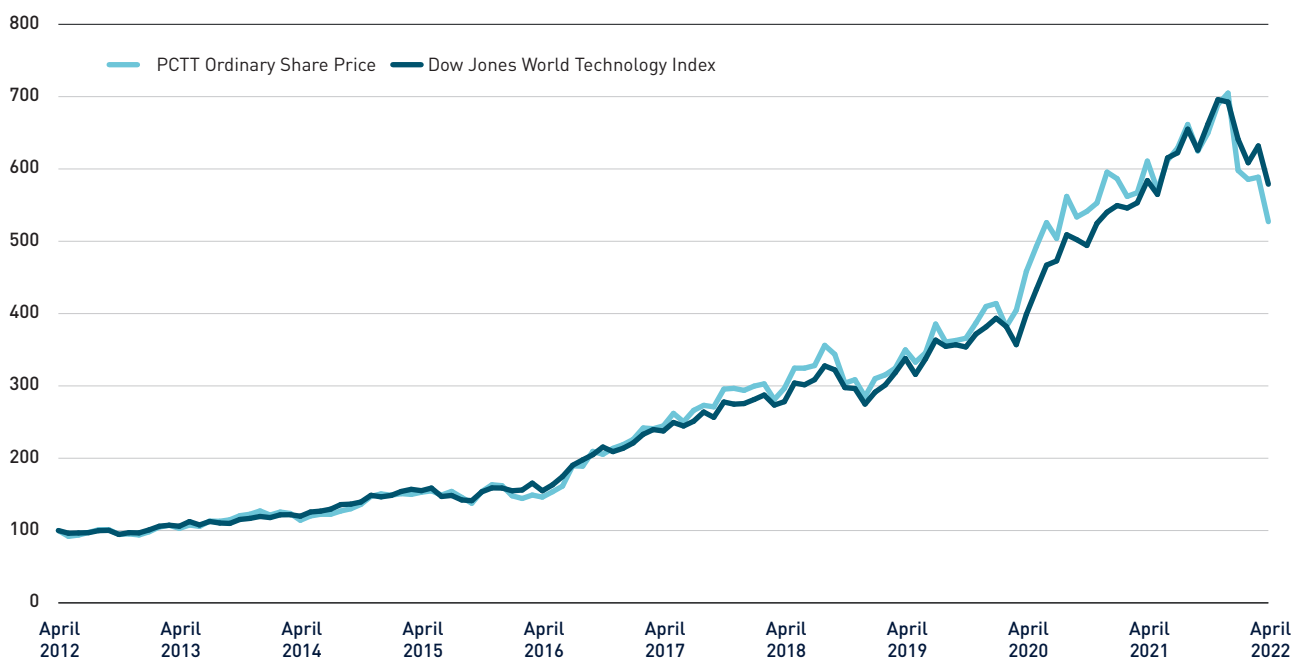
## Directors' Share Interests (Audited)

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 2021 and 30 April 2022 are as follows:

Ordinary Shares	30 April 2022	30 April 2021
Sarah Bates (Chair)	10,500	10,500
Tim Cruttenden	1,000	1,000
Charlotta Ginman	4,941	4,941
Charles Park	1,840	1,840
Stephen White	10,000	10,000
Catherine Cripps	-	-
Jane Pearce	-	-

## 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 World 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.

	2022 £'000	2021 £'000	Change	
			£'000	%
Directors' total remuneration*	229	182	47	26
Dividends paid or declared in respect of the financial year	-	-	-	-
Net (loss)/profit for the year and total comprehensive (expense)/income	(258,646)	1,063,687	(1,322,333)	(124)
Issue of ordinary shares	-	53,530	(53,530)	(100)
Ordinary shares repurchased into treasury	99,132	17,051	82,081	481

\* Increase relates to the appointment of Catherine Cripps and Jane Pearce in September 2021 and fee increases from 1 May 2021.

### Tim Cruttenden

Senior Independent Director and Chairman of the Remuneration Committee

19 July 2022

## Statement of Directors' Responsibilities in respect of the 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.

**Sarah Bates**  
Chair

19 July 2022

# 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 2022 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 2022 and of its return 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 five financial years ended 30 April 2022. 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

<b>Materiality:</b> Financial statements as a whole	£31.6m (2021:£34.9m) 1% (2021: 1%) of Total Assets
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### Key audit matters

vs 2021

Recurring risks	Carrying amount of quoted investments	◀▶
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## 2. Key audit matters: including 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 2021) in arriving at our audit opinion above, together with our key audit procedures to address that 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
<p><b>Carrying amount of quoted investments</b> (£2,811m; 2021: £3,243m)</p> <p>Refer to page 88 (Audit Committee Report), page 112 (accounting policy) and note 13 on page 118 (financial disclosures).</p>	<p><b>Low risk, high value:</b></p> <p>The Company's portfolio of quoted investments makes up 89% (2021: 93%) 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, quoted investments.</p> <p>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.</p>	<p>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.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>– <b>Test of detail:</b> Agreeing the valuation of 100% of quoted investments in the portfolio to externally quoted prices; and</li> <li>– <b>Enquiry of custodians:</b> Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations from investment custodians.</li> </ul> <p><b>Our findings</b></p> <ul style="list-style-type: none"> <li>– We found no differences (2021: no differences) from the holdings confirmations nor from the externally quoted prices of a size to require reporting to the audit committee.</li> </ul>

## Independent Auditor’s Report continued

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

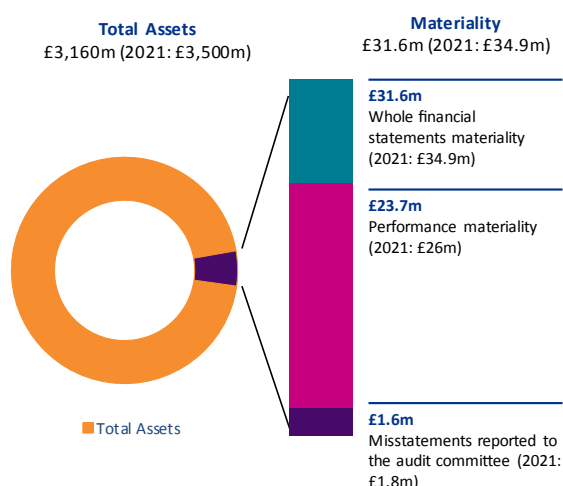
Materiality for the financial statements as a whole was set at £31.6m (2021: £34.9m), determined with reference to a benchmark of total assets, of which it represents 1% (2021: 1%).

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% (2021: 75%) of materiality for the financial statements as a whole, which equates to £23.7m (2021: £26m). 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 £1.6m (2021: £1.8m) in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

The scope of the audit work performed 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/or metrics relevant to debt covenants:

- 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;

- 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 63 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

### Identifying and responding to risks of material misstatement due to fraud

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;
- assessing the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
- reading Board and Audit Committee minutes.

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, 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 significant unusual transactions or additional fraud risks.

### Identifying and responding to risks of material misstatement related to 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.

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.

## Independent Auditor's Report continued

### 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 65 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 pages 62 to 63 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.

### 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 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 98, 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](http://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.

### John Waterson (Senior Statutory Auditor)

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

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

19 July 2022

# Financial Statements



# Statement of Comprehensive Income

For the year ended 30 April 2022

	Notes	Year ended 30 April 2022			Year ended 30 April 2021		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	15,870	-	15,870	18,156	-	18,156
Other operating income	4	31	-	31	8	-	8
(Losses)/gains on investments held at fair value	5	-	(253,694)	(253,694)	-	1,127,646	1,127,646
Losses on derivatives	6	-	(5,799)	(5,799)	-	(49,111)	(49,111)
Other currency gains/(losses)	7	-	17,535	17,535	-	(4,379)	(4,379)
<b>Total income</b>		15,901	(241,958)	(226,057)	18,164	1,074,156	1,092,320
<b>Expenses</b>							
Investment management fee	8	(28,281)	-	(28,281)	(24,134)	-	(24,134)
Performance fee	8	-	-	-	-	-	-
Other administrative expenses	9	(1,335)	-	(1,335)	(1,071)	-	(1,071)
<b>Total expenses</b>		(29,616)	-	(29,616)	(25,205)	-	(25,205)
<b>(Loss)/profit before finance costs and tax</b>		(13,715)	(241,958)	(255,673)	(7,041)	1,074,156	1,067,115
Finance costs	10	(973)	-	(973)	(996)	-	(996)
<b>(Loss)/profit before tax</b>		(14,688)	(241,958)	(256,646)	(8,037)	1,074,156	1,066,119
Tax	11	(2,000)	-	(2,000)	(2,432)	-	(2,432)
<b>Net (loss)/profit for the year and total comprehensive (expense)/income</b>		(16,688)	(241,958)	(258,646)	(10,469)	1,074,156	1,063,687
<b>(Losses)/earnings per share (basic and diluted) (pence)</b>	12	(12.36)	(179.25)	(191.61)	(7.65)	784.40	776.75

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 110 to 131 form part of these Financial Statements.

# Statement of Changes in Equity

For the year ended 30 April 2022

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
<b>Total equity at 30 April 2020</b>		33,641	12,802	170,532	7,536	2,183,728	(99,642)	2,308,597
<b>Total comprehensive income/(expense):</b>								
Profit/(loss) for the year to 30 April 2021		-	-	-	-	1,074,156	(10,469)	1,063,687
<b>Transactions with owners, recorded directly to equity:</b>								
Issue of ordinary shares	18, 20	688	-	52,842	-	-	-	53,530
Ordinary shares repurchased into treasury	22	-	-	-	-	(17,051)	-	(17,051)
<b>Total equity at 30 April 2021</b>		34,329	12,802	223,374	7,536	3,240,833	(110,111)	3,408,763
<b>Total comprehensive expense:</b>								
Loss for the year to 30 April 2022		-	-	-	-	(241,958)	(16,688)	(258,646)
<b>Transactions with owners, recorded directly to equity:</b>								
Ordinary shares repurchased into treasury	22	-	-	-	-	(99,132)	-	(99,132)
<b>Total equity at 30 April 2022</b>		34,329	12,802	223,374	7,536	2,899,743	(126,799)	3,050,985

The notes on pages 110 to 131 form part of these Financial Statements.

# Balance Sheet

As at 30 April 2022

	Notes	30 April 2022 £'000	30 April 2021 £'000
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	13	2,811,080	3,243,034
<b>Current assets</b>			
Receivables	14	31,096	36,096
Overseas tax recoverable		286	162
Cash and cash equivalents	15	311,363	216,205
Derivative financial instruments	13	6,479	4,090
		349,224	256,553
<b>Total assets</b>		<b>3,160,304</b>	<b>3,499,587</b>
<b>Current liabilities</b>			
Payables	16	(57,284)	(36,241)
Bank loans	17	(52,035)	-
Bank overdraft	15	-	(3,473)
		(109,319)	(39,714)
<b>Non-current liabilities</b>			
Bank loans	17	-	(51,110)
<b>Net assets</b>		<b>3,050,985</b>	<b>3,408,763</b>
<b>Equity attributable to equity shareholders</b>			
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	2,899,743	3,240,833
Revenue reserve	23	(126,799)	(110,111)
<b>Total equity</b>		<b>3,050,985</b>	<b>3,408,763</b>
<b>Net asset value per ordinary share (pence)</b>	25	<b>2305.13</b>	<b>2496.44</b>

The Financial Statements, on pages 106 to 131, were approved and authorised for issue by the Board of Directors on 19 July 2022 and signed on its behalf by:

**Sarah Bates**

Chair

The notes on pages 110 to 131 form part of these Financial Statements

Registered number 3224867

# Cash Flow Statement

For the year ended 30 April 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(256,646)	1,066,119
Adjustments			
Losses/(gains) on investments held at fair value through profit or loss	5	253,694	(1,127,646)
Losses on derivative financial instruments	6	5,799	49,111
Proceeds of disposal on investments		2,822,328	3,089,314
Purchases of investments		(2,618,737)	(2,998,482)
Proceeds on disposal of derivative financial instruments	13	39,006	8,735
Purchases of derivative financial instruments	13	(47,194)	(58,545)
(Increase)/decrease in receivables		(64)	116
(Decrease)/increase in payables		(355)	5,720
Overseas tax		(2,124)	(2,500)
Foreign exchange (gains)/losses	7	(17,535)	4,379
<b>Net cash generated from operating activities</b>		178,172	36,321
<b>Cash flows from financing activities</b>			
Loans repaid	17	-	(10,300)
Loans drawn	17	-	9,870
Ordinary shares repurchased into treasury		(98,001)	(17,051)
Issue of ordinary shares		-	57,078
<b>Net cash (used in)/generated from financing activities</b>		(98,001)	39,597
<b>Net increase in cash and cash equivalents</b>		80,171	75,918
Cash and cash equivalents at the beginning of the year		212,732	146,677
Effect of movement in foreign exchange rates on cash held	7	18,460	(9,863)
<b>Cash and cash equivalents at the end of the year</b>	15	311,363	212,732

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

	Notes	2022 £'000	2021 £'000
Cash held at bank and derivative clearing houses	15	219,403	162,479
BlackRock's Institutional Cash Series plc (US Treasury Fund), money market fund	15	91,960	50,253
<b>Cash and cash equivalents at the end of the year</b>	15	311,363	212,732

The notes on pages 110 to 131 form part of these Financial Statements

# Notes to the Financial Statements

For the year ended 30 April 2022

## 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 financial statements have been prepared and approved by the Directors in accordance with international accounting standards 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 April 2021 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 2022 is shown in the balance sheet on page 108. As at 30 April 2022 the Company's total assets exceeded its total liabilities by a multiple of over 28. 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 56 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 2022. 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 to the assessment the Company carried out stress testing which used a variety of falling parameters to demonstrate the effects in the Company's share price and net asset value. 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.

## Notes to the Financial Statements continued

### **(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.

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 £91,960,000 (2021: £50,253,000) 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.

## Notes to the Financial Statements continued

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.

**(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 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.

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 were no unquoted investments (2021: same).

**(S) New and revised accounting Standards**

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

- i) The following new or amended standards became effective for the current annual reporting period and the adoption of the standards and interpretations have not had a material impact on the Financial Statements of the Company.

Standards & Interpretations		Effective for periods commencing on or after
IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended)	<p>IBOR Reform - Phase 2 addresses issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.</p> <p>The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.</p>	1 January 2021

- ii) At the date of authorisation of the Company's financial statements, there were no relevant standards that potentially impact the Company are in issue but are not yet effective and have not been applied in the financial statements.

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 2022 £'000	Year ended 30 April 2021 £'000
Revenue:		
Overseas Dividend income	15,870	18,156
	15,870	18,156

All investment income is derived from listed investments.

Included within income from investments is £172,000 (2021: £3,229,000) of special dividends classified as revenue in nature in accordance with note 2 (c). No special dividends have been recognised in capital (2021: nil).

## 4 Other operating income

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Bank interest	4	1
Money market fund interest	27	7
	31	8

## 5 (Losses)/gains on investments held at fair value

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Net gains on disposal of investments at historic cost	232,360	736,118
Transfer on disposal of investments	(353,508)	(255,764)
(Losses)/gains on disposal of investments based on carrying value at previous balance sheet date	(121,148)	480,354
Valuation (losses)/gains on investments held during the year	(132,546)	647,292
	(253,694)	1,127,646

## 6 Losses on Derivatives

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Losses on disposal of derivatives held	(10,212)	(60,474)
Gains on revaluation of derivatives held	4,413	11,363
	(5,799)	(49,111)

The derivative financial instruments represent the call and put options, which are used for the purpose of efficient portfolio management. As at 30 April 2022, the Company held NASDAQ 100 Stock Index put option and the market value of these open put option position was £6,431,000 (2021: NASDAQ 100 Stock Index put options with a market value of £2,793,000). The Company also held Apple Inc. call options and the market value of these open call option position was £48,000 (2021: Apple Inc. call options with a market value of £1,297,000).

## 7 Other currency gains/(losses)

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Exchange gains/(losses) on currency balances	18,460	(9,863)
Exchange losses on settlement of loan balances	-	(3,517)
Exchange (losses)/gains on translation of loan balances	(925)	9,001
	17,535	(4,379)

## 8 Investment management and performance fee

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Investment management fee paid to Polar Capital (charged wholly to revenue)	28,281	24,134
Performance fee paid to Polar Capital (charged wholly to capital)	-	-

There was no performance fee payable in respect of the year nor outstanding at the year end (2021: same).

The basis for calculating the investment management and performance fees are set out in the Strategic Report on pages 60 and 61 and details of all amounts payable to the Manager are given in Note 24 on page 123.

## Notes to the Financial Statements continued

Although the net asset value reduced in absolute terms towards the end of the financial year, on average it had increased during the year under review when compared to the prior year, hence an increase in management fee was incurred during the year.

A new investment management fee arrangement was agreed with the Manager and announced on 12 January 2022. The revised arrangement reduced rates of the base management fee and simplified the structure of the base fee to three tiers. Details of the investment management agreement are disclosed in the Strategic Report on pages 60 and 61.

## 9 Other administrative expenses

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Directors' fees <sup>1</sup> and expenses	229	182
National Insurance Contributions	24	18
Depository fee <sup>2</sup>	233	220
Registrar fee <sup>3</sup>	51	43
Custody and other bank charges <sup>4</sup>	358	327
UKLA and LSE listing fees <sup>5</sup>	190	124
Legal & professional fees and other financial services	4	11
AIC fees	21	21
Auditors' remuneration - for audit of the financial statements <sup>6</sup>	45	44
Directors' and officers' liability insurance	23	12
AGM expenses <sup>7</sup>	31	10
Corporate brokers' fee <sup>8</sup>	-	37
Marketing expenses <sup>9</sup>	25	-
Shareholder communications	57	57
Other expenses <sup>10</sup>	44	(35)
	1,335	1,071

1 Full disclosure is given in the Directors' Remuneration Report on page 92.

2 Depository fee is based on the value of the net assets. The daily average net asset value increased by 14.6% during the current financial year compared to the previous year.

3 2022 includes additional cost in relation to processing of Treasury shares.

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

5 Fees are based on the market capitalisation of the Company which increased over the last invoice period.

6 The base audit fee for the statutory audit was £45,000 (2021: £40,000k plus an overrun fee of £3,500 for the 2020 financial year which was recognised in 2021). Overrun fees incurred in the completion of the 2021 audit and during the financial year 2022, £12,000 and £10,000 respectively. The company recharged these to the Investment Manager given the nature of the additional audit work undertaken.

7 Includes additional costs in relation to hybrid AGM and 2021 Haberdasher' Hall AGM cancellation due to COVID restrictions in place.

8 2021/2022 annual fee was offset by the commission credit on shares repurchases.

9 Bespoke promotional marketing cost of £25,000 in Q1 2022. The first £100,000 was absorbed by the Investment Manager.

10 Includes Non-executive Directors search fee and external third party Board evaluation cost.

## 10 Finance costs

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Interest on loans and overdrafts	973	910
Loan arrangement and facility fees	-	86
	973	996

## 11 Taxation

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
<b>(a) Analysis of tax charge for the year:</b>		
Overseas tax	2,000	2,432
<b>Total tax for the year (see Note 11b)</b>	<b>2,000</b>	<b>2,432</b>

### (b) Factors affecting tax charge for the year:

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

(Loss)/profit before tax	(256,646)	1,066,119
Tax at the UK corporation tax rate of 19%	(48,763)	202,563
Tax effect of non-taxable dividends	(3,015)	(3,450)
Tax effect of losses/(gains) on investments that are not taxable	45,972	(204,090)
Unrelieved current year expenses and deficits	5,806	4,977
Overseas tax suffered	2,000	2,432
<b>Total tax for the year (see Note 11a)</b>	<b>2,000</b>	<b>2,432</b>

### (c) Factors that may affect future tax charges:

There is an unrecognised deferred tax asset comprising:

Unrelieved management expenses	61,780	41,326
Non-trading loan relationship deficits	1,807	1,194
	<b>63,587</b>	<b>42,520</b>

The deferred tax asset is based on a prospective corporation tax rate of 25% (2021: 19%).

It was substantively enacted on 24 May 2021 that the rate of UK corporation tax will increase from 19% to 25% from 1 April 2023. Therefore, the unrecognised deferred tax asset of £63,587,000 on 30 April 2022 has been calculated using a corporation tax rate of 25%.

It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and deficits and therefore no deferred tax asset has been recognised.

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 (Losses)/earnings per ordinary share

	Year ended 30 April 2022			Year ended 30 April 2021		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic earnings per share is based on the following data:						
Net (loss)/profit for the year (£'000)	(16,688)	(241,958)	(258,646)	(10,469)	1,074,156	1,063,687
Weighted average ordinary shares in issue during the year	134,984,460	134,984,460	134,984,460	136,938,993	136,938,993	136,938,993
From continuing operations						
Basic and diluted - ordinary shares (pence)	(12.36)	(179.25)	(191.61)	(7.65)	784.40	776.75

As at 30 April 2022 there are no potentially dilutive shares in issue and the earnings per share therefore equate to those shown above (2021: 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 2022 £'000	Year ended 30 April 2021 £'000
Opening book cost	2,199,334	1,566,135
Opening investment holding gains	1,043,700	652,172
Opening fair value	3,243,034	2,218,307
<b>Analysis of transactions made during the year</b>		
Purchases at cost	2,639,004	2,978,969
Sales proceeds received	(2,817,264)	(3,081,888)
(Losses)/gains on investments held at fair value	(253,694)	1,127,646
<b>Closing fair value</b>	<b>2,811,080</b>	<b>3,243,034</b>
Closing book cost	2,253,434	2,199,334
Closing investment holding gains	557,646	1,043,700
<b>Closing fair value</b>	<b>2,811,080</b>	<b>3,243,034</b>
Of which:		
Listed on a recognised Stock Exchange	2,811,080	3,243,034

The Company received £2,817,264,000 (2021: £3,081,888,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £2,584,904,000 (2021: £2,345,770,000). 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 £1,005,000 (2021: £1,345,000). Included in proceeds of disposals are sales costs of £1,182,000 (2021: £1,522,000). These costs primarily comprise commission.

## (ii) Changes in derivative financial instruments

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Valuation at 1 May	4,090	3,391
Additions at cost	47,194	58,545
Proceeds of disposal	(39,006)	(8,735)
Losses on disposal	(10,212)	(60,474)
Valuation gains	4,413	11,363
<b>Valuation at 30 April</b>	<b>6,479</b>	<b>4,090</b>

## (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 page 112.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below.

	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
Equity Investments and derivative financial instruments		
Level 1	2,817,559	3,247,124
Level 2	-	-
Level 3	-	-
	2,817,559	3,247,124
	Year ended 30 April 2022 £'000	Year ended 30 April 2021 £'000
<b>Level 3 investments at fair value through profit or loss</b>		
Opening balance	-	52
Distribution proceeds	-	(104)
Total gains included in the Statement of Comprehensive Income – on assets held at the year end	-	52
Closing balance	-	-

#### (iv) Unquoted investments

As at 30 April 2022, the portfolio comprised no unquoted investment (30 April 2021: same).

Herald Ventures Limited Partnership made its final distribution of £104,000 in the previous year.

Level 3 investments are recognised at fair value through profit & loss on a recurring basis.

## 14 Receivables

	30 April 2022 £'000	30 April 2021 £'000
Sales for future settlement	29,315	34,379
Prepayments and accrued income	1,741	1,682
VAT recoverable	40	35
	31,096	36,096

The carrying values of other receivables approximate their fair value.

## 15 Cash and cash equivalents

	30 April 2022 £'000	30 April 2021 £'000
Cash at bank	211,940	165,952
Cash held at derivative clearing houses	7,463	-
Money market funds	91,960	50,253
Cash and cash equivalents	311,363	216,205
Bank overdraft	-	(3,473)
	311,363	212,732

As at 30 April 2022, the Company held BlackRock's Institutional Cash Series plc – US Treasury Fund with a market value of £91,960,000 (30 April 2021: £50,253,000), which is managed as part of the Company's cash and cash equivalents as defined under IAS 7.

## Notes to the Financial Statements continued

## 16 Payables

	30 April 2022 £'000	30 April 2021 £'000
Purchases for future settlement	49,419	29,152
Repurchase of ordinary shares awaiting settlement	1,131	-
Accruals	6,734	7,089
	57,284	36,241

The carrying values of other payables approximate their fair value.

## 17 Bank loans

## (i) Bank loans

	30 April 2022 £'000	30 April 2021 £'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	25,109
US\$36m at a rate of 1.335% repayable 30 September 2022	28,674	26,001
	52,035	51,110

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 2022.

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 2022 £'000	30 April 2021 £'000
Bank loans held as at 30 April 2021	51,110	57,024
Term loan repaid under October 2018 facility	-	(10,300)
Term loan of JPN¥5,200m and US\$23.3m under October 2018 facility expired in October 2020	-	(46,064)
Term loan drawn under September 2020 facility	-	9,870
Term loan of JPN¥3,800m and US\$36m under September 2020 facility due to expire in September 2022	-	46,064
Exchange losses on settlement of loan balances	-	3,517
Effect of changes in foreign exchange rates on bank loans held	925	(9,001)
Bank loans held as at 30 April 2022	52,035	51,110

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/(losses)'.

## 18 Share capital

	30 April 2022 £'000	30 April 2021 £'000
Allotted, Called up and Fully paid:		
Ordinary shares of 25p each		
Opening balance of 136,544,764 (30 April 2021: 134,566,000)	34,136	33,641
Issue of nil (30 April 2021: 2,749,000) ordinary shares	-	688
Repurchase of 4,188,338 (30 April 2021: 770,236) ordinary shares into treasury	(1,047)	(193)
Allotted, called up and fully paid: 132,356,426 (30 April 2021: 136,544,764) ordinary shares of 25p	33,089	34,136
4,958,574 (2021: 770,236) ordinary shares held in treasury	1,240	193
<b>At 30 April 2022</b>	<b>34,329</b>	<b>34,329</b>

During the year, there were no ordinary shares issued (2021: 2,749,000 ordinary shares were issued, with nominal value of £688,000 for a net consideration received of £53,715,000). A total of 4,188,338 (2021:770,236) ordinary shares were repurchased into treasury at a cost of £98,639,000 (2021: £16,966,000).

Subsequent to the year end, and to 15 July 2022 (latest practicable date), 1,475,096 ordinary shares were repurchased into treasury at an average price of 1,899.35p per share.

## 19 Capital redemption reserve

	30 April 2022 £'000	30 April 2021 £'000
As at 1 May 2021	12,802	12,802
<b>As at 30 April 2022</b>	<b>12,802</b>	<b>12,802</b>

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

This reserve is not distributable.

## 20 Share premium

	30 April 2022 £'000	30 April 2021 £'000
As at 1 May 2021	223,374	170,532
Issue of nil (30 April 2021: 2,749,000) ordinary shares	-	52,842
<b>As at 30 April 2022</b>	<b>223,374</b>	<b>223,374</b>

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 2022 £'000	30 April 2021 £'000
As at 1 May 2021	7,536	7,536
<b>As at 30 April 2022</b>	<b>7,536</b>	<b>7,536</b>

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 2022 £'000	Capital** reserve - revaluation 30 April 2022 £'000	Total capital reserves 30 April 2022 £'000	Capital reserve - gains/losses on disposal 30 April 2021 £'000	Capital reserve - revaluation 30 April 2021 £'000	Total capital reserves 30 April 2021 £'000
<b>As at 1 May 2021</b>	2,198,239	1,042,594	3,240,833	1,553,026	630,702	2,183,728
Net (losses)/gains on disposal of investments	(121,148)	-	(121,148)	480,354	-	480,354
Transfer on disposal of investments	353,508	(353,508)	-	255,764	(255,764)	-
Valuation (losses)/gains on investments held during the year	-	(132,546)	(132,546)	-	647,292	647,292
Net (losses)/gains on derivative contracts	(10,212)	4,413	(5,799)	(60,474)	11,363	(49,111)
Exchange gains/(losses) on currency balances	18,460	-	18,460	(9,863)	-	(9,863)
Exchange losses on settlement of loan balances	-	-	-	(3,517)	-	(3,517)
Exchange (losses)/gains on translation of loan balances	-	(925)	(925)	-	9,001	9,001
Ordinary shares repurchased into treasury	(98,639)	-	(98,639)	(16,966)	-	(16,966)
Stamp duty on ordinary shares repurchased into treasury	(493)	-	(493)	(85)	-	(85)
<b>As at 30 April 2022</b>	<b>2,339,715</b>	<b>560,028</b>	<b>2,899,743</b>	<b>2,198,239</b>	<b>1,042,594</b>	<b>3,240,833</b>

\* 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 maybe deemed to be 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 2022 £'000	30 April 2021 £'000
<b>As at 1 May 2021</b>	<b>(110,111)</b>	<b>(99,642)</b>
Loss for the year to 30 April	(16,688)	(10,469)
<b>As at 30 April 2022</b>	<b>(126,799)</b>	<b>(110,111)</b>

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 2022 were £28,281,000 (2021: £24,134,000) of which £6,374,000 (2021: £6,844,000) was outstanding at the year end.

There was no performance fee payable in respect of the year nor outstanding at the year end (2021: same).

In addition, with effect from 1 May 2019, the research costs and the first £100,000 of marketing costs are borne by the Manager.

The overrun audit fees of £12,000 and £10,000 were incurred by the Company in the completion of the 2021 audit and during the financial year ended 2022 and were recharged to the Investment Manager given the nature of the additional audit work undertaken. See note 9 and the Audit Committee Report on page 91 for more details.

A new investment management agreement was put in place with the Manager and announced on 12 January 2022 which took effect on 1 May 2022. The revised fee arrangement agreed lower rates of the management base fee and simplified the structure of the base fee to three tiers and is calculated on the daily net asset value; The Manager also agreed to increase the contribution to the marketing costs payable by the Company to the first £200,000 per annum. Details of the revised terms of the investment management agreement are provided in the Strategic Report on pages 60 and 61.

### (b) Related party transactions

The compensation payable to key management personnel in respect of short term employee benefits is £229,000 (2021: £182,000) which comprises £229,000 (2021: £182,000) paid by the Company to the Directors.

Refer to pages 92 to 97 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 2022	30 April 2021
Undiluted:		
Net assets attributable to ordinary Shareholders (£'000)	3,050,985	3,408,763
Ordinary shares in issue at end of year	132,356,426	136,544,764
Net asset value per ordinary share (pence)	2305.13	2496.44

As at 30 April 2022, there were no potentially dilutive shares in issue (2021: 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 2022 by geographical segment and the related investment income earned during the year to 30 April 2022 is noted below:

	30 April 2022 Value of investments £'000	Year ended 30 April 2022 Gross income £'000	30 April 2021 Value of investments £'000	Year ended 30 April 2021 Gross income £'000
North America	2,260,033	6,945	2,388,352	8,103
Europe	91,450	2,171	242,301	896
Asia Pacific (inc. Middle East)	459,597	6,754	612,381	9,157
Total	2,811,080	15,870	3,243,034	18,156

## 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 56. 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 32 to 39. 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 £6,479,000 (2021: £4,090,000).

### 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 2022 £'000	30 April 2021 £'000
Non-current asset investments at fair value through profit or loss	2,811,080	3,243,034
Derivative financial instruments at fair value through profit or loss	6,479	4,090
	2,817,559	3,247,124

An analysis of the Company's portfolio is shown on pages 32 to 35.

### 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% (2021: 15%) 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 2022		30 April 2021	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Revenue return	(3,945)	3,945	(3,409)	3,409
Capital return	563,512	(563,512)	487,069	(487,069)
Change to the profit after tax for the year	559,567	(559,567)	483,660	(483,660)
Change to Shareholders' funds	559,567	(559,567)	483,660	(483,660)
Change to NAV per share (pence)	422.77	(422.77)	354.21	(354.21)

### (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 2022 £'000	30 April 2021 £'000
<b>Monetary Assets:</b>		
Cash and short term receivables		
US Dollars	218,119	130,603
Euros	57,761	16,296
Japanese Yen	32,928	35,360
Swiss Franc	12,879	6,816
Hong Kong Dollars	8,035	26,416
Swedish Krona	1,703	-
Taiwan Dollars	923	317
Korean Won	375	435
Norwegian Krone	222	-
Polish Zloty	5	-
<b>Monetary Liabilities:</b>		
Payables		
US Dollars	(43,678)	(29,178)
Euros	(3,105)	(5)
Taiwan Dollars	(2,709)	-
Japanese Yen	(16)	(18)
Swiss Franc	(7)	-
Bank Loans:		
US Dollars	(28,674)	(26,001)
Japanese Yen	(23,361)	(25,109)
Foreign currency exposure on net monetary items	231,400	135,932
<b>Non-Monetary Items:</b>		
Investments at fair value through profit or loss that are equities		
US Dollars	2,322,762	2,546,974
Taiwan Dollars	124,760	125,518
Japanese Yen	104,636	159,764
Korean Won	88,449	124,568
Euros	73,137	177,166
Hong Kong Dollars	66,960	85,747
Canadian Dollars	9,169	3,593
Swiss Franc	3,309	-
Swedish Kroner	2,181	4,140
Investments at fair value through profit or loss that are derivatives		
US Dollars	6,479	4,090
Total net foreign currency exposure	3,033,242	3,367,492

### Foreign currency exchange rate movement

During the financial year Sterling depreciated by 9.3% (2021: appreciated by 9.8%) against the US Dollar, appreciated by 7.5% (2021: appreciated by 12.2%) against the Japanese Yen, appreciated by 3.5% (2021: depreciated by 0.1%) against the Euro, depreciated by 8.4% (2021: appreciated by 10.0%) against the Hong Kong Dollar, appreciated by 2.4% (2021: appreciated by 0.2%) against the Korean Won and depreciated by 4.3% (2021: appreciated by 3.1%) 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 six major currencies noted under foreign currency exposure, £/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% (2021: 10%), against the currencies shown, this would have the following effect:

	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

	30 April 2021 £'000					
	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	Korean Won	Taiwan Dollar
Statement of Comprehensive Income – profit/loss after tax						
Revenue return	671	104	277	22	245	189
Capital return	291,821	21,480	18,772	12,463	13,841	13,982
Change to the profit/loss after tax for the year	292,492	21,584	19,049	12,485	14,086	14,171
Change to Shareholders' funds	292,492	21,584	19,049	12,485	14,086	14,171

Based on the year end position, if Sterling had appreciated, by a further 10% (2021: 10%), against the currencies shown, this would have the following effect:

	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)

## Notes to the Financial Statements continued

	30 April 2021 £'000					
	US Dollar	Euro	Japanese Yen	Hong Kong Dollar	Korean Won	Taiwan Dollar
Statement of Comprehensive Income - profit/loss after tax						
Revenue return	(549)	(85)	(227)	(18)	(200)	(155)
Capital return	(238,763)	(17,575)	(15,359)	(10,197)	(11,324)	(11,440)
Change to the profit/loss after tax for the year	(239,312)	(17,660)	(15,586)	(10,215)	(11,524)	(11,595)
Change to Shareholders' funds	(239,312)	(17,660)	(15,586)	(10,215)	(11,524)	(11,595)

In the opinion of the Directors, neither of the above sensitivity analyses 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 2022 (£'000)			30 April 2021 (£'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	219,403	-	219,403	162,479	-	162,479
Money market funds	91,960	-	91,960	50,253	-	50,253
Exposure to fixed interest rates:						
Bank loan	(52,035)	-	(52,035)	-	(51,110)	(51,110)
Total exposure to interest rates	259,328	-	259,328	212,732	(51,110)	161,622

As at year ended 30 April 2022, the Company held two, two-year fixed rate term loan with ING Bank N.V. The Japanese Yen 3.8 billion (2021: Japanese Yen 3.8 billion) carries an interest rate of 0.90% (2021: 0.90%) per annum and US Dollar 36 million (2021: US Dollar 36 million) carries an interest rate of 1.335% (2021: 1.335%) per annum. Both of the loans fall due for repayment on 30 September 2022.

### 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% (2021: 0.25%) per annum in the rates of interest available to the Company's financial assets and a change of 1% (2021: 0.25%) 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 2022 £'000	30 April 2021 £'000
Statement of Comprehensive Income - profit/loss after tax		
Revenue return	2,593	404
Capital return	-	-
Change to the profit/loss after tax for the year	2,593	404
Change to Shareholders' funds	2,593	404

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 2022 £'000	30 April 2021 £'000
<b>Due within 1 month:</b>		
Balances due to brokers	49,419	29,152
Repurchase of ordinary shares awaiting settlement	1,131	-
Accruals	6,688	7,044
Bank overdraft	-	3,473
<b>Due after 3 months and within 1 year:</b>		
Bank loan and interest	52,336	626
<b>Due after 1 year and within 2 years:</b>		
Bank loan and interest	-	51,358

## 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 2022 was £342,331,000 (30 Apr 2021: £252,191,000) comprising:

	30 April 2022 £'000	30 April 2021 £'000
Balances due from brokers	29,315	34,379
Accrued income	1,653	1,607
Cash at bank	211,940	165,952
Cash held at derivative clearing houses	7,463	–
Money market funds	91,960	50,253
	342,331	252,191

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 2022 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 56.

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 15 July 2022, 1,475,096 ordinary shares were repurchased and placed in the treasury at an average price of 1,899.35p 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:

### Net Asset Value (NAV)

The NAV is the value attributed to the underlying assets 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.

		30 April 2022	30 April 2021
Company's total equity	a	£3,050,985,000	£3,408,763,000
Total ordinary shares in issue (excluding those held in treasury)	b	132,356,426	136,544,764
<b>Company's NAV per share as at the year end</b>	(a / b)	2305.13p	2496.44p

### NAV Total Return (APM)

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 2022 and 30 April 2021.

		Year ended 30 April 2022	Year ended 30 April 2021
Opening NAV per share	a	2496.44p	1715.59p
Closing NAV per share	b	2305.13p	2496.44p
<b>NAV total return for the year</b>	(b / a)-1	(7.7%)	45.5%

### Share Price Total Return (APM)

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 2022 and 30 April 2021.

		Year ended 30 April 2022	Year ended 30 April 2021
Opening share price	a	2364.00p	1774.00p
Closing share price	b	2040.00p	2364.00p
<b>Share price total return for the year</b>	(b / a)-1	(13.7%)	33.3%

### (Discount)/Premium (APM)

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.

		30 April 2022	30 April 2021
Closing share price	a	2040.00p	2364.00p
Closing NAV per share	b	2305.13p	2496.44p
<b>Discount of ordinary share price to the NAV per ordinary share</b>	(a / b)-1	(11.5%)	(5.3%)

### Ongoing Charges (APM)

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 2022	Year ended 30 April 2021
Investment Management Fee (Note 8 on page 115)		£28,281,000	£24,134,000
Other Administrative Expenses (Note 9 on page 116)		£1,335,000	£1,071,000
	a	£29,616,000	£25,205,000
Average daily net assets value	b	£3,525,121,000	£3,075,483,000
<b>Ongoing Charges excluding performance fee</b>	a / b	0.84%	0.82%
Performance fee (Note 8 on page 115)	c	–	–
	d = a+c	£29,616,000	£25,205,000
<b>Ongoing charges including performance fee</b>	d / b	0.84%	0.82%

## Glossary of Terms

<b>AAll Bear</b>	American Association of Individual Investors sentiment survey showing the mood of individual investors – Bullish/Neutral/Bearish.
<b>AAF Report</b>	A report prepared in accordance with Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales. Utilised within the review of internal controls.
<b>AGM</b>	The Annual General Meeting will be held on Thursday, 8 September 2022. Details of the arrangements will be provided in the separate Notice of AGM and on the Company's website.
<b>AIC</b>	Association of Investment Companies, the industry body for closed ended investment companies.
<b>AIFM</b>	Alternative Investment Fund Manager – Polar Capital LLP.
<b>AIFMD</b>	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'). The Company's AIFM is Polar Capital LLP.
<b>Benchmark</b>	The Dow Jones World Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes).
<b>BREXIT</b>	This refers to the withdrawal of the United Kingdom from the European Union on 31 January 2020.
<b>Closed-ended Investment Company</b>	An Investment Company whose shares are traded on an exchange at a price not necessarily related to the net asset value of the company and which can only be issued or bought back by the company in certain circumstances.
<b>COVID-19</b>	Coronavirus, a highly contagious and infectious disease caused by the acute respiratory syndrome SARS-CoV-2 virus; COVID-19 was first discovered in December 2019.
<b>Custodian</b>	The Custodian is HSBC Bank plc, 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.
<b>Depositary</b>	The Depositary is also HSBC Bank plc. Under AIFMD 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.
<b>Derivative</b>	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. A derivative can be an asset or a liability and is a form of gearing because it can increase the economic exposure to Shareholders.
<b>ESEF</b>	European Single Electronic Format is the requirement whereby reports are prepared and filed in XHTML format, such requirement applies with effect from 1 January 2021 to all annual reports and accounts issuers on UK (or EU) regulated markets. In addition, for issuers preparing consolidated annual accounts in accordance with IFRS, the XHTML file will require tagging under the IFRS taxonomy.

<b>ESMA</b>	The European Securities and Markets Authority is an independent EU authority whose purpose is to improve investor protection and promote stable, orderly financial markets.
<b>Fund/Portfolio Manager</b>	Ben Rogoff of Polar Capital LLP has 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.
<b>IFRS</b>	International accounting standards comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Financial Reporting Committee, including interpretations issued by the IFRS Interpretations Committee.
<b>Investment Company</b>	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.
<b>Investment Trust taxation status</b>	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.
<b>KPMG</b>	The Company's auditor is KPMG LLP, represented by John Waterson, Partner.
<b>Leverage</b>	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).
<b>Manager/Investment Manager</b>	Polar Capital LLP (Polar Capital), also appointed as AIFM. The responsibilities and fees payable to Polar Capital are set out in the Directors' Report.
<b>MiFID II</b>	Markets in Financial Instruments Directive, applicable from 3 January 2018.
<b>Non-executive Director</b>	The Company is managed by a Board of Directors who are appointed by letter rather than a contract of employment, with the Company. 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.
<b>PCT or the Company</b>	Polar Capital Technology Trust Plc.
<b>PRIIPS</b>	The Packaged Retail and Insurance-based Investment Products regulations which came into force on 1 January 2018 in the EU. The regulations require generic pre-sale disclosure of investment 'product' costs, risks and certain other matters.
<b>SORP</b>	The Statement of Recommended Practice. The financial statements of the Company are prepared in accordance with the Investment Trust SORP issued by the AIC.
<b>UK-adopted IAS</b>	The international accounting standards adopted by the UK Endorsement Board after delegation of adoption powers.

## Corporate Information

### 2022 Annual General Meeting (“AGM”)

The Company's AGM will be held at 2:30pm on Thursday 8 September 2022 at Haberdashers' Hall, 18 West Smithfield, London, EC1A 9HQ and online via the Lumi Global Electronic Platform.

Further information including the full text of the resolutions, in addition to information on how to access the online Lumi portal, 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 either in person or within the online portal, shareholders are also encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at [cosec@polarcapital.co.uk](mailto: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.

Resolution 2, 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. 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. Shareholders last voted on the Remuneration Policy at the AGM in 2020 and the policy came into effect from 1 May 2021, the current policy will remain in effect until 30 April 2024 and a new policy will be presented to the AGM in 2023 ahead of expiry of the current policy. Resolution 2 therefore, is the annual advisory vote of shareholders on the Remuneration Implementation Report. The Directors'

Remuneration Report is presented on page 92.

Resolutions 3 to 8 relate to the annual election/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 84, the Directors have provided a rationale for their support for the reappointment of each director on pages 10 and 11 and within the Notice of AGM.

Resolutions 9 and 10 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 90 to 91.

Resolution 11 to 13 relate to potential changes in the share capital. Resolution 11 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 12 is proposed in connection with 11 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 13 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 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.

As noted within the Chair's Statement and in the separate Notice of AGM, the meeting is being held as a hybrid meeting with full access for shareholders both in-person but also online. This is the first year since the COVID-19 pandemic, we are returning to holding the meeting at an external venue and we hope to welcome a greater number of shareholders, we would be delighted to reach towards or beyond the representation of 2019 and prior AGMs where we would see some 60-80 people in the room; we have however opted to also provide an online option as we did in 2020 and 2021. We acknowledge that our shareholders appreciate the ability to attend the AGM in whichever form suits their needs and we hope that we will have a suitably significant representation online. We note however that to provide the online hybrid option does increase costs and so this year is a test to establish the cost-benefit of the hybrid meeting. In the event that we have very few online representatives we may have to return to an in-person only meeting next year.

We would very much welcome feedback from shareholders on the format of the meeting, we will provide some feedback cards at the AGM and shareholders are also invited to email the Board at [cosec@polarcapital.co.uk](mailto:cosec@polarcapital.co.uk) with the subject heading **AGM Feedback**.

## Share Capital, Voting Rights and Transferability

The Company's share capital is divided into ordinary shares of 25p nominal value each. At 30 April 2022, there were 137,315,000 ordinary shares in issue of which 4,958,574 were held in treasury (2021: 770,236 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](http://www.polarcapitaltechnologytrust.co.uk)

The Company is not aware of arrangements to restrict the votes or transferability of its shares.

## History and Structure

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.

## Company Website

[www.polarcapitaltechnologytrust.co.uk](http://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](http://www.theaic.co.uk)
- [www.ft.com/markets](http://www.ft.com/markets)
- [www.londonstockexchange.co.uk](http://www.londonstockexchange.co.uk)

## Benchmark

The Company uses the Dow Jones World 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](http://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

## Corporate Information continued

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 2022 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 2022 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](http://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 2022 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](http://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.

You can contact our Registrars, Equiniti Limited, who have installed textphones to allow speech and hearing-impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

### 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](http://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](http://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.

## 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](http://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 for enquiries, Monday to Friday. For Internet sales log on to [www.shareview.co.uk/dealing](http://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.

## Corporate Information continued

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](http://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](http://www.actionfraud.police.uk)



**Be ScamSmart and visit [www.fca.org.uk/scamsmart](http://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

### Company Secretary

#### Polar Capital Secretarial Services Limited

Represented by Tracey Lago, FCG

Email: cosec@polarcapital.co.uk

### Independent Auditors

#### 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, Bankers and Custodian

#### HSBC Bank PLC

8 Canada Square,  
London, E14 5HQ

### Registrar

#### Equiniti Limited

Aspect House, Spencer Road, Lancing, West Sussex,  
BN99 6DA

Shareholder helpline: 0800 313 4922  
(or +44 (0) 121 415 0804 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 the Company, 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:

<b>30 April</b>	Financial year-end
<b>July</b>	Announcement of year-end results
<b>September</b>	Annual General Meeting
<b>31 October</b>	Half-year end
<b>December</b>	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	549300TN105392UC4K19

### AIC

The Company is a member of the Association of Investment Companies ('AIC'). The AIC website [www.theaic.co.uk](http://www.theaic.co.uk) contains detailed information about investment trusts, including guide and statistics.



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CBP013582



See more at:  
[polarcapitaltechnologytrust.co.uk](http://polarcapitaltechnologytrust.co.uk)

