Polar Capital Technology Trust plc

Half Year Report

For the six months ended 31 October 2023

YOUR COMPANY 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 though 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 is set out in full in the Strategic Report of the Annual Report for the year ended 30 April 2023.

INVESTMENT RATIONALE AND APPROACH

Over the last three decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies can offer the potential for substantially faster earnings growth than the broader market.

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 investment universe and covers many different companies, the portfolio focuses 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, financial, e-commerce and renewable energy, as well as the more obvious applications such as computing and associated industries.

MANAGEMENT STRUCTURE

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

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

FINANCIAL HIGHLIGHTS

	(Unaudited) As at 31 October 2023	(Audited)^ As at 30 April 2023	Movement %
Total net assets	**£3,093,037,000**	£2,828,141,000	9.4
Net Asset Value (NAV) per ordinary share~	**2,509.58p**	2,239.48p	12.1
Price per ordinary share	**2,145.00p**	1,940.00p	10.6
Benchmark Dow Jones Global Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes)	**4,064.67**	3,604.43	12.8
Discount of ordinary share price to NAV per ordinary share~	**(14.5%)**	(13.4%)	
Ordinary shares in issue*	**123,249,257**	126,285,544	-2.4
Ordinary shares held in treasury*	**14,065,743**	11,029,456	27.5

** The issued share capital on 8 December 2023 (latest practicable date) was 137,315, 000 ordinary shares of which 14,655,401 were held in treasury.*

KEY DATA

	For the six months to 31 October 2023	
	Local Currency %	Sterling Adjusted %
Benchmark (see above)	8.9	12.8
Other Indices over the period (total return)		
FTSE World	-1.4	2.0
FTSE All-share		-5.9
S & P 500 composite	1.4	5.0
Nikkei 225	7.9	0.4
Eurostoxx 600	-5.5	-6.2

Exchange rates	As at 31 October 2023	As at 30 April 2023
US$ to £	1.2135	1.2569
Japanese Yen to £	183.77	171.15
Euro to £	1.1480	1.1385

No interim dividend has been declared for the period ended 31 October 2023, nor were there for periods ended 31 October 2022 or 30 April 2023, and there is no intention to declare a dividend for the year ending 30 April 2024.

~See Alternative Performance Measure on page 31.

^The financial information for the six-month periods ended 31 October 2023 and 31 October 2022 have not been audited. The figures and financial information above and in the following pages, for the year ended 30 April 2023 are an extract from the latest published Financial Statements and do not constitute statutory accounts for that year.

References throughout this document to "the Company" or "the Trust" relate to Polar Capital Technology Trust PLC while references to "the portfolio" relate to the assets managed on behalf of the Company.

INVESTMENT MANAGER'S REPORT

Market Review

The fiscal half year from 30 April to 31 October 2023 saw global markets continue to rebound from lows in March, to almost recover their December 2021 highs by the end of July. Investors were pulled back into the market as the US regional banking and Credit Suisse turmoil appeared contained and economic growth remained firm, supported by tight labour markets and a resilient consumer. However, the market recovery proved short-lived and gave back about half the gains by the end of October as financial conditions continued to tighten and geopolitical risks increased.

The US once again led global markets, in Sterling terms, as the S&P 500 Index returned +5%, ahead of Europe (Eurostoxx 600 -6.2%), Japan (TOPIX -3%) and Asia ex-Japan (MSCI All Country Asia ex-Japan Index -2.8%). Local currency returns ex-US were even weaker as the trade-weighted dollar (DXY) strengthened by 5.9%. Within the US, large caps continued to dominate returns as the Russell 1000 Index (large cap) returned +4.9% against the Russell 2000 Index's (small cap) -2%. In only one year since 1990 has there been a greater positive return spread between the S&P 500 cap-weighted (+10.2%) and equal-weighted (-2.8%) indices' returns year to date. The Russell 2000 Index broke 2022 lows, revisiting November 2020 levels when Pfizer's vaccine data first emerged. Breadth weakened through the period, as the percentage of companies outperforming the NYSE declined by 34.5% to just 20.7%, and the concentration of the largest seven (primarily technology) companies reached almost 30% of the S&P 500 by the end of October. This phenomenon has been felt in global indices: while the US accounts for 62.7% of the MSCI All Country World Index, it is only 45.6% if the so-called 'Magnificent Seven' companies are excluded.

Despite widespread pessimism at the start of the calendar year, global growth came in ahead of expectations, supported by resilient consumer spending and strong labour markets. Even as central banks hiked rates aggressively, inflation came down without triggering a recession or even an increase in the unemployment rate, which still sits below pre-pandemic levels in many countries. Decisive central bank tightening actions were important to ensure that price increases were not embedded in higher inflationary expectations. However, the drag on growth from monetary factors was offset by the post-Covid improvement in goods and labour supply and a sustained rebound in services demand. Central bank balance sheets contracted during the period but remain significantly larger than they were pre-Covid, which supported liquidity even as financial conditions tightened.

The US economy was particularly strong during the fiscal half year. Q1 US economic growth was revised up, with Q1 real GDP growth of +2.2% on a q/q (quarter-on-quarter) seasonally adjusted annual rate (SAAR) basis, which accelerated to +4.9% in Q3. The US economy added an average of 205,000 jobs each month during the fiscal half year, although the 'quits rate', (when an employee voluntarily leaves their job) nearly returned to pre-pandemic levels and average hourly earnings growth trended lower.

Inflation continued to trend down despite the stronger economy, albeit frustratingly slowly from a policymaker's perspective. US core PCE (personal consumer expenditure, which excludes volatile items such as food and energy and is the Fed's preferred measure) fell from 4.8% in April to 3.7% in September and core CPI (consumer price inflation) declined from 5.5% to 4.1% over the same period. This eased concerns about the need for more aggressive rate rises and longer-term measures of inflation expectations; both inflation swap markets and consumer surveys suggest these remain well anchored.

After a June pause, at its July meeting the Fed raised the benchmark interest rate by 25 basis points (bps) to a 5.25-5.5% target range, a 22-year high. Although the Fed did not raise the fed funds rate thereafter, financial conditions continued to tighten with the equivalent effect of a further 75bps of rate hikes as 10-year Treasury yields climbed to touch 5%, the highest point since 2007. The scale of the move in yields was highly significant and, by the end of September, Treasury yields had posted their largest quarterly rise since 1Q09 (bond yields move inversely to prices). This was driven by a number of factors, including increased Treasury issuance after the debt ceiling was raised, ongoing quantitative tightening (lower demand for government bonds from the Federal Reserve) and a US credit rating downgrade by Fitch Ratings, as well as concerns about China potentially offloading US Treasuries to bolster the yuan.

Commentary from some Federal Reserve board members suggested they expected interest rates to stay higher for longer, and the Fed's September meeting projections indicated the expectation for only 50bps of cuts in 2024 (down from 100bps in the June projections). Oil prices also increased during the period, surpassing $95 in late September and up from the low-$70s in June, which may have been responsible for an uptick in consumer inflation expectations given the importance of gas prices to this metric.

Markets were buffeted by elevated levels of political risk. The narrowly averted US government shutdown and downgrade by US rating agency Fitch focused investors' attention from monetary policymakers (central bankers) towards their fiscal counterparts (politicians). These included a hard-fought battle over raising the debt ceiling (the maximum amount of debt the US government can hold) which concluded in June and narrowly averted a government shutdown, and the ousting of the House Speaker for the first time in history. President Biden became the first sitting President to walk a picket line with the United Automobile Workers, and striking Hollywood writers only agreed to go back to work following a deal with the studios regarding working conditions and rules governing the adoption of artificial intelligence (AI).

Technology review

The technology sector outperformed the broader market during the fiscal half-year period as the Dow Jones Global Technology Index returned +12.8% against the FTSE World Index +1.5%. The two major technology market themes during the period were the continued dominance of the largest technology companies and the proliferation, evolution and investment implications of AI.

Large-cap technology stocks once again significantly outperformed their small and mid-cap peers as the Russell 1000 Technology Index and Russell 2000 Technology Index delivered returns of +16.1% and +3.8% respectively. For the calendar year through to the end of October, the gap between the two extended to an extraordinary 40 percentage points (ppts) as the Russell 1000 Technology Index's +41.7% return has dwarfed the Russell 2000 Technology Index's +1.9%. Returns were led by the largest technology companies which in part explains why the S&P 500 Information Technology Sector saw its valuation premium to the S&P 500 Index expand to 1.36x from 1.21x at the start of the calendar year, against a 10-year average of 1.1x. However, this valuation expansion was not experienced beyond the US; the Dow Jones World ex-US Technology sector (W2TEC) which has no mega-cap constituents, significantly underperformed (+1.8%). In the US, all tech subsectors performed strongly: the Philadelphia Semiconductor Index (SOX) returned +11.9% while the NASDAQ Internet Index and Bloomberg Americas Software Index delivered +10.6% and 11.3% respectively.

AI dominated proceedings across most technology subsectors. Semiconductor investors focused on the AI-related semiconductor supply chain as cloud providers invest in advance of the anticipated scaling of AI workloads. NVIDIA returned +52.2% after an extraordinary April quarterly earnings report and next quarter revenue guide ($11bn versus $7.2bn expected), whereupon the stock added the largest single-day market-cap gain in US stock market history and touched a $1trn market cap. A number of smaller-cap semiconductor supply chain and semiconductor capital equipment stocks performed well as alternative ways to gain exposure to the AI/parallel computing trend. In the real world, strength in AI-related data centre spending 'crowded out' non-AI spending in areas such as CPU (central processing unit)/cloud servers, reinforcing the divergence in semiconductor stock price returns. Beyond AI/data centre, semiconductor fundamentals were mixed; communications infrastructure spending remained weak, PC and smartphone inventory cycles appeared to bottom while automotive and industrial end markets held up well (although this was challenged during Q3 earnings announcements in early November).

Given the strategic importance of AI, the US government took further steps to curtail China's ability to compete, including banning the export of some leading-edge semi-cap equipment (putting pressure on other governments to undertake similar actions) and preventing the sale of the most advanced AI chips to China. These rules will be updated every year as technology advances continue. Wafer fabrication equipment (WFE) spending is now expected to reach $80bn this year, up from previous expectations in the low $70bn range, with the incremental upside coming from China (perhaps in anticipation of tighter regulations). US government subsidy also played a major part; structures and investments related to the Inflation Reduction Act (IRA) and CHIPS Act have accounted for essentially all the growth in US non-residential fixed investment this year.

During the fiscal half year, aggregate public cloud revenue growth stabilised at c19% for the second quarter running after eight consecutive quarters of year-over-year (y/y) deceleration. Amazon Web Services (AWS) growth appeared to have bottomed, while AI-driven strength at Microsoft contrasted with some softness at

Google. Customers continued to 'optimise' their spend across all cloud providers, but new initiatives began ramping up to help offset this. Ongoing optimisations weighed on 'cloud consumption' software models such as Snowflake and Datadog, which saw further downward resets to growth expectations.

In application software, larger enterprise-focused companies such as ServiceNow and Adobe continued to deliver steady results in a challenging environment while the demand backdrop for SMB (small and medium-sized business)-focused players such as HubSpot and Paycom Software appeared to deteriorate. Application software companies announced (and in some cases brought to market) a slew of 'AI-powered' products, although few appear to be given the full benefit of the doubt by investors (or customers) thus far. Revenue growth in the software sector overall has been decelerating for two years (since mid-2021), and the sector rallied from May lows as companies rerated on the hope of a growth inflection. However, higher rates and macro concerns soon reasserted themselves and companies have been reluctant to guide for a meaningful reacceleration while IT budgets remain under such tight scrutiny.

Cybersecurity was a bright spot as budgets remain strong and the increasingly sophisticated and ever-evolving nature of cyberattacks enabled by AI will require new tools and capabilities to defend against them. We have also seen the first movements on AI regulation. The European Union announced the AI Act in June 2023, which seeks to take a risk-based approach to AI regulation, including the banning of "unacceptable risk" activities such as cognitive manipulation of people, social scoring and facial recognition. President Biden issued an executive order at the end of the period which established new standards for safety and security, in an attempt to reduce risks posed by AI and establish a threshold for chip processing power above which there are disclosure requirements.

In the internet sector, the largest e-commerce players (Amazon and Shopify) continued to consolidate market share gains and deliver strong results as the online consumer remained resilient while a higher cost of capital has decimated smaller peers (a dynamic which helped other 'vertical leaders' such as Uber Technologies). Similarly, the largest advertising networks (Meta Platforms (Facebook)), Alphabet (Google) benefited from easy year-over-year comparators and the ongoing impact of their AI investments, for example in ad targeting and campaign optimisation. Profitability also notably improved for the larger players as the effect of earlier workforce reductions and tighter cost management had a positive impact on margins. Smaller players struggled, especially those with weaker balance sheets or aggressive online Chinese competition, such as Match.com and Etsy. Travel spending was robust as the post-Covid boom showed little sign of subsiding during the summer months, although both Booking.com and Expedia Group called out some weakness in travel trends in early October.

Interest rate-sensitive subsectors such as fintech were most challenged during the half year. The Global X Fintech ETF declined -7% as both cyclical factors (higher rates; credit cycle concerns) and structural questions (elevated competitive intensity; sustainability of growth) weighed on the sector.

The IPO market tentatively reopened during the half-year period, as the high profile ARM IPO raised c$5.2bn. There was a smattering of other noteworthy technology IPOs (Instacart; Klaviyo; Kokusai Electric) but capital markets activity remained fairly subdued overall. Venture capital funding is trending to be c40% down y/y in 2023, although AI-based venture funding has been robust.

Portfolio performance

The Trust modestly underperformed its benchmark, with the net asset value (NAV) per share increasing by +12.1% during the first half versus +12.8% for the sterling-adjusted Dow Jones Global Technology Index. While growth outperformed value during the period, this largely reflected the remarkable performance of a select group of US mega-cap stocks which delivered strong positive returns in contrast with moribund or even negative returns in other geographies and market-cap tiers. Although the Trust benefited from large absolute positions in a number of these stocks, it remains structurally underweight in large-caps in favour of growthier small and mid-caps. We were pleased the Trust delivered top quartile performance versus our Lipper peer group for the fiscal half year and calendar year to date, although this undoubtedly speaks to a challenging environment for most active managers against a cap-weighted benchmark firing on most cylinders. Beyond the divergence in large and small-cap stocks, the most significant detractor to relative performance was our average cash position of 5.5% and NDX (NASDAQ 100) put options which cost 56bps and 24bps respectively. However, stock selection was positive in both the US and Europe – helped by significant exposure to AI-related names – despite pronounced outperformance of mega-cap stocks. The Trust's share price advanced by 10.6%, reflecting the

12.1% higher NAV, offset by the discount widening from -13.4% to -14.5% during the period. We continue to monitor the discount and the Trust bought back 3.04 million shares during the period.

The half year proved an active one for the portfolio as we rotated decisively towards AI as a primary investment theme. This was mainly focused within the semiconductor subsector where we initiated new positions in memory-related assets (such as Micron Technology and Rambus), advanced packaging (BE Semiconductor Industries), testing (Advantest; Camtek) and EDA software (Cadence Design Systems; Synopsys). We also made a series of investments in smaller Asian component and materials companies that we believe have a more significant role to play in AI chip and server manufacturing than they did during the cloud era. In addition, we recalibrated our software exposure towards companies which appear able to monetise AI within their existing offerings (Adobe; Monday.com) as well as adding several data-related assets (Datadog; Teradata) that should benefit from the growth in AI-related workloads and the need for better data. We also initiated positions in several idiosyncratic longer-duration assets with an AI angle (Evotec; Oxford Nanopore Technologies) following significant share price weakness largely related to higher risk-free rates.

In contrast with AI-related assets, where demand for servers, chips and related components increased significantly, sharply higher interest rates and a disappointing Chinese post-Covid recovery trajectory began to negatively impact demand in a number of other subsectors. As a result, we significantly reduced our exposure to interest rate-sensitive areas such as fintech (exited Adyen, GMO Payment Gateway), and alternative energy (sold Enphase Energy, SolarEdge Technologies). We also reduced our exposure to electric vehicle (EV) and related assets as higher interest rates began to negatively impact EV demand via increased financing costs. We exited Chinese EV maker BYD and several auto-exposed semiconductor suppliers (Infineon Technologies; ON Semiconductor). The faltering Chinese economic recovery resulted in us also exiting Alibaba Group Holding as well as reducing our exposure to robotics-related companies (Cognex; Nabtesco). We also exited a number of software application companies (Freshworks; Paycom Software; Smartsheet) due to nascent concerns that AI might pose a meaningful risk to so-called 'point solutions' relative to larger platforms. Towards the period's end, conflict in the Middle East and some concerns around the health of the US consumer led us to reduce travel-related names including Airbnb.

At the stock level, our zero-weight position in Broadcom* (+39%) proved the most significant detractor to relative performance as we opted for alternative ways to gain exposure to AI-related semiconductors. Likewise, our underweight position in Adobe (+46%) dragged on performance following the introduction of its Firefly AI image generation offering. Strong absolute performances from other mega-cap holdings weighed on relative performance too, with the combination of Alphabet (+20%), Meta Platforms (Facebook) (+30%) and Microsoft (+14%) dragging by a combined 43bps. The combination of increased cyclical headwinds and a crowding out of non AI-related spending (as budgets were reallocated) resulted in weakness at a number of semiconductor and component companies including Lattice Semiconductor (-28%) and Unimicron Technology (-3%). The same dynamic, together with faltering Chinese demand, also impacted robotics and automation stocks such as Keyence (-11%) and Harmonic Drive Systems (-27%). Higher risk-free rates weighed on alternative energy holdings such as First Solar (-19%) and Ceres Power Holdings (-43%) as yields associated with solar and hydrogen projects became relatively less attractive. However, weakness associated with this dramatic change of fortunes for clean tech companies was mitigated by timely reductions and complete exits of related holdings. Likewise, interest rate-related weakness in fintech companies including Adyen (-57%) and GMO Payment Gateway (-48%) was ameliorated by timely sales, although both Visa (+5%) and Mastercard (+2%) both dragged on relative performance. As ever, there were also a few genuine disappointments at the likes of Cognex and Ceres Power Holdings, although these were largely contained to the portfolio tail.

Although the significant outperformance of mega-cap stocks during the period represented a meaningful headwind to our growth-centric investment approach, the Trust benefited from positive stock selection and an overweight exposure to the AI theme that rightly dominated returns and investment discourse during the period. Our 6.9% average position in GPU (graphics processing unit) chipmaker NVIDIA (+52%) versus a benchmark weighting of 6.4% delivered a remarkable 240bps of absolute performance during the half year. However, other AI-related assets delivered greater relative performance as the likes of Disco (+58%) and Fabrinet (+69%) benefited from new processes and products required by AI-related chips and modules. The portfolio also benefited from companies exposed to AI-related data centre spending such as Arista Networks (+29%) and Pure Storage (+53%). Cybersecurity also proved a relative bright spot within software as budgets proved relatively robust amid several high-profile breaches and concerns that AI is already increasing the so-called 'attack surface' available to cyber-criminals. This, together with some valuation recovery, resulted in strong performance

contributions from a number of cybersecurity holdings including CrowdStrike Holdings (+52%), CyberArk Software (+36%) and Palo Alto Networks (+38%). Likewise, stabilisation of cloud workload optimisation together with strong fundamentals and the potential for future AI-related demand saw both MongoDB (+49%) and Amazon (+31%) deliver strong positive returns. Finally, relative performance benefited from a rare period of underperformance from Apple (+4%) as iPhone fell short of expectations, largely a function of a particularly weak smartphone market.

Market outlook

Recent months have offered investors an environment where economic growth and index level returns have been strong but there has been a great deal of volatility and even outright weakness beneath the surface. While the range of macroeconomic outcomes has likely narrowed as risks around inflation and higher rates have been (somewhat) assuaged by the decisive actions of central bankers, political and company-specific risk have moved higher. We have seen this clearly in third-quarter numbers where negative surprises have been punished to the harshest degree in the past five years.

The bearish case for the market outlook has multiple strands. The most important aspect is the potential for a recession in 2024 as the lagged impact of aggressive central bank tightening finally weighs on consumers and companies. The duration and nature of the 'long and variable lag' with which monetary policy is thought to act is hotly debated. There has only been one occasion since the mid-1950s where a recession began within 18 months of a Fed tightening cycle, the most recent of which started on 17 March 2022. A recession before this point would be historically early – especially as fiscal expansion, excess consumer savings and unusual post-Covid employment dynamics have provided significant support to growth. The next six months are empirically the most likely recessionary period, according to Deutsche Bank. Viewed through another lens, the difference between six-month and 10-year US government bond yields turned negative (an 'inverted' yield curve) in July 2022, which, on a median basis, has historically signalled a recession 11 months ahead.

The impact of the most aggressive rate hike cycle for a generation and quantitative tightening (the shrinking of the Fed's balance sheet) is weighing on a wide range of forward-looking economic indicators. The Conference Board Leading Economic Indicators have moved into recession territory and year-over-year money supply growth (M2) is still firmly negative. Lending standards as measured by the Fed's Senior Loan Office Opinion Survey are still at levels typically only seen when a recession is imminent and junk bond yields have touched 9%. As funding costs remain high, marginal investments become less attractive and nominal growth will be slower. At the time of writing, the Fed futures market is pricing in -c100bps of rate cuts in 2024 as the Fed cuts rates in response to softening incoming data to stave off or at least limit the severity of a recession.

Geopolitical risk represents another potential headwind to market sentiment as the Russia/Ukraine and Israel/Hamas conflicts are unlikely to be resolved quickly. The Covid experience laid bare the fragility of global supply chains and the Ukraine war reminded policymakers and market participants alike of the economy's sensitivity to higher energy prices. As much as 17% of global oil production and 19% of global liquid natural gas flows through the Strait of Hormuz between Iran and Oman, so a broadening of conflict in the Middle East could have significant ramifications. China/US relations remain under strain, especially regarding the availability of leading-edge AI technology. Disappointing Chinese economic recovery post-reopening and a highly levered property market bring further political and economic fragility.

Expanding fiscal deficits (partly due to higher interest servicing costs) could continue to put upward pressure on rates globally and downward pressure on sovereign bonds. Goldman Sachs estimates US federal interest expense will increase from 2% of GDP in 2022 to 3% in 2024 and 4% by 2030, and (unlike when interest costs rose in the 1980s and early 1990s), there is little appetite to reduce the primary (ex-interest) deficit given congressional gridlock and other policy priorities mainly at odds with balanced budgets. At current prices, 2023 would be the first time in the history of the US republic that the value of US Treasuries has fallen for three consecutive years. Indeed, the US government deficit was 8% of GDP in 3Q23, the largest in history outside periods of war or recession, and the debt-to-GDP ratio is the same as at the end of World War Two. The US is also going into an election year (as are countries covering 80% of the global equity market cap), which have not been that supportive of equity returns in recent decades: since 1984, US election year returns have averaged 4%, with technology the worst performing sector.

Significantly higher risk-free rates have also begun to challenge business models built on the availability of cheap debt. This has already been reflected in the equity market, as high quality, low leverage and low volatility factors have led under the surface. Higher rates have also created greater competition to equity that were less appealing

during the recent low interest rate era, including cash on deposit, money market funds and financial instruments sitting higher up the capital structure, such as corporate debt and convertible bonds.

Nor are equities particularly cheap, with the S&P 500 trading at 17.8x forward earnings estimates versus the 10-year average of 17.5x. This might be the higher end of the future range if we are entering a period of structurally higher interest rates, which is possible given structurally higher fiscal deficits, structurally higher investment levels (reshoring; balkanisation of supply chains; clean energy transition) and aging populations (potentially lower savings rates; higher social and healthcare costs).The equity market may also be overearning given cycle-high operating margins and debt refinancing rates are now more than double the coupon of debt that has already been issued.

However, all is not lost. To date, the Fed has so far been able to rebalance the labour market without driving up unemployment significantly or sending the economy into recession, strengthening the case for so-called ‘immaculate disinflation’. For example, the ‘jobs/workers gap’ (the difference between the number of job openings in the previous month and unemployed workers in the current month) has declined to reach c2.6 million from c5 million at the start of the calendar year and is trending towards the roughly two million level consistent with 2% inflation, as estimated by Goldman Sachs. US wage growth has fallen by more than 1.5pts to 4.2% annualised. Softer October payrolls also helped as headline jobs missed and the number of industries seeing employment decline stepped up to 44% from 32% in September.

There is also limited evidence of significant distress brought on by the lagged impact of rate rises on corporate balance sheets, even if delinquencies and defaults are ticking higher. This may reflect the fact that three-quarters of S&P 500 debt is long-term fixed (almost double pre-Global financial crisis levels), as are 85% of US mortgages, suggesting the lag from rate rises to real world impact may have extended or become less direct. Borrowing costs, defaults and the percentage of companies rated BBB or lower by Moody’s are rising, but from extremely low levels, while less than $150bn of the $3trn junk bond and leveraged loan market needs to be refinanced in the next two years.

Sentiment remains supportive too, with the most recent Bank of America’s Global Fund Manager Survey indicating that average cash levels remain above 5%, which has historically been a good contrarian ‘buy’ signal. Negative sentiment is not limited to professional investors. The American Association of Individual Investors (AAII) bull/bear ratio sits below 0.5, which has historically presaged average returns of +8.3% and +13% for the S&P 500 for the following six and 12-month periods respectively.

It would also be remiss of us not to mention some potential early signs that technology adoption is having a positive impact on macroeconomic prospects. Third-quarter productivity (a measure of output per labour hour) positively surprised for the second consecutive quarter. Strong economic growth is not inflationary if it is driven by productivity and trend productivity growth of 1.5-2% means a target of 3.5-4% wage growth would be consistent with the Fed’s 2% inflation target. Goldman Sachs has estimated generative AI will affect productivity sufficiently within their 10-year forecast horizon to bring a potential boost of 10-15% to global GDP cumulatively. A combination of the advent of AI and structural labour shortages as developed economy populations age might be sufficient to stimulate a productivity boom and produce disinflationary economic growth – a supportive backdrop for equities.

More importantly, whether there is a recession or not and what equity markets do over the next six to 12 months perhaps misses the point. Astounding new innovations such as AI and the advances brought by GLP-1 drugs augur well for a longer-term innovation-led growth and prosperity cycle. Perhaps the post-WW2 period provides a helpful analogy. At that time, there was a period of economic rebalancing including a shallow recession in 1948-49 as the US economy transitioned from a wartime economy to a peacetime one. The slowdown was brief and mild, and there was a significant shift to a new rates regime as long-term bonds – capped during wartime – were allowed to trade freely from 1951. However, the combination of economic rebalancing and a shift to a higher rate environment in the context of a US government debt-to-GDP peak in 1946 at 118%, did not preclude strong equity market returns over the next five (+55%) and 10 years (+203%). This was a time of rapid technological and social change, and a transition to a structurally higher rate environment, but 1949-1956 and 1957-1961 delivered two strong equity bull markets. Longer term, there is a good case that the same will prove true of the post-Covid period.

Technology outlook

A more uncertain economic environment and the stronger US dollar are exerting downward pressure on worldwide IT spending this year, which is now expected to grow 3.5% in 2023, in dollar terms, compared to 5.5% anticipated in April. This moderating outlook has been evident in recent corporate results with the S&P

technology sector now expected to deliver revenue and earnings growth of 2% and 3.5% in 2023. However, early forecasts for 2024 look significantly more encouraging with current expectations for IT spending (+8%) commensurate with S&P 500 technology revenue and earnings forecasts of 8.8% and 15.8% respectively. While these expectations are likely to remain macroeconomic-sensitive, AI spending should prove more resilient given 70% of CIOs believe (as we do) that generative AI (GenAI) is a game-changing technology, with 55% of them planning to deploy it over the next two years compared to only 9% today. Net profit margins are likely to remain a key focus for earnings as they remain above long-term averages, while recent dollar strength represents a potential headwind for technology estimates given the sector's international exposure of 58% (the highest of any sector) versus 40% for the market.

The outperformance of technology and excitement around GenAI has seen the forward P/E of the technology sector meaningfully expand from c20x at the start of the calendar year to c24x at the end of October – ahead of both five (23x)) and 10-year (20x) averages. The premium enjoyed by the sector has also expanded, with technology stocks today trading at 1.4x the market multiple, slightly above the post-bubble range of between 0.9-1.4x. While this may suggest less valuation upside in the near term, relative downside risk may also prove limited in a post-ChatGPT world with market setbacks bought by investors later to this important investment theme. In addition to AI as a driver, the technology sector remains exceptionally well capitalised which, in a challenging rate environment, should insulate it against refinancing and/or bankruptcy risk. It is also worth noting that despite the excitement around GenAI, we remain far from valuations levels seen during the dot.com bubble, when the technology sector traded at more than twice the S&P 500 multiple.

We are also encouraged by the remarkable valuation retracement of next-generation technology stocks that has characterised the post-pandemic, post-Fed pivot world. Within software, the average EV/NTM (enterprise value/next 12-month) sales multiple of above 30% revenue growth companies has fallen back to 6.7x, down from a peak of 34.5x and below both pre-Covid five and 10-year averages of 8.6x and 8.1x respectively. With the overall software market trading at c5.5x EV/NTM sales, the c20% premium for this much faster growing group of companies is significantly below the five and 10-year pre-Covid average premium of 53% and 68% respectively. While we are excited about the longer-term opportunity presented by this valuation convergence, it also reflects today's more hostile market environment which has shortened investment duration and recalibrated investor preference towards profits over revenue growth. This is apparent when looking at the subset of unprofitable software companies which today trade at just 3.2x EV/NTM sales – a c40% discount to overall software valuations, a stark contrast to the large premium they enjoyed during 2020-21 when interest rates were near zero. We are also mindful of the risk posed by AI to 'point solution' companies relative to incumbents/platform companies that look better placed to absorb the costs and get monetisable AI products to market. This unusual dynamic (empirically, unencumbered newer companies have tended to benefit most from technology change) might explain the unusual absence of strategic M&A despite the material valuation correction.

AI continues to dominate technology performance at both headline and stock level. While it is still early days, we are seeing encouraging signs for the adoption of AI and the impact of the AI transformation on companies up and down the supply chain. AI services accounted for 3pts of Microsoft Azure's y/y growth, compared to just 1pt last quarter, indicating a $1.5bn revenue run-rate. Microsoft Azure-OpenAI customers increased to 18,000 from 11,000 last quarter, and 40% of the Fortune 100 are trialling the M365 Copilot product (which launched on 1 November). Meta Platforms spoke to a mid-single digit increase in time spent on their main platforms due to AI-powered recommendation improvements. Meanwhile Alphabet said generative AI projects on its AI Vertex platform were up 7x from last quarter.

This is unsurprising to us given early productivity gains across a range of tasks and applications (estimated at between 30-50%) and broad GenAI applicability since a majority of jobs in advanced economies are knowledge workers. Despite this, there has been a healthy tempering of expectations for some of the leading suppliers into the AI infrastructure buildout after earlier exuberance. While tighter US export restrictions may have played a part in this, we anticipate continued strong demand and as such see this as a buying opportunity given the build out of the new AI computing stack remains in its infancy. According to Gartner, 73% of CIOs plan to increase AI investments in 2024.

During Q3 earnings season, we moved to a slightly more fully invested position (c.4% cash at the end of November). Given elevated levels of geopolitical risk and the fact that our portfolio beta is naturally higher than the benchmark due to our growth-focused investment approach, we continue to hold NASDAQ Index put options to help bring the beta of the portfolio closer to the benchmark in the event of a sharp drawdown, rather than to hedge absolute downside risk. However, our overarching focus remains on positioning the portfolio in favour of

companies that should prove important AI enablers and beneficiaries. At the time of writing, we believe that more than three-quarters of the portfolio is explained by AI enablers and beneficiaries.

Technology risks

In addition to market-related risks already highlighted, there are other risks to our constructive medium-term view. As in previous years, there are downside risks to technology spending in the event of weaker macroeconomic trends or should CEO confidence meaningfully deteriorate. Likewise, earnings estimates are likely to remain subject to macroeconomic turbulence with margins potentially at risk given their recent recovery following earlier cost-cutting. A weaker macroeconomic environment and/or higher interest rates could extend the current semiconductor downturn, particularly within rate-sensitive areas such as automotive. It might also challenge cloud spending growth that has finally begun to stabilise following multiple quarters of post-pandemic optimisation.

Valuation remains a key risk too, particularly following the rerating in technology stocks this year, while higher risk-free rates are likely to constrain the magnitude of any recovery in longer-duration stocks. As in previous years, regulation remains a risk, with the current antitrust case brought against Alphabet by the Department of Justice (DoJ) potentially an important moment for both Apple and Alphabet, as well as having implications for other natural monopolies within our sector. We remain hopeful that worst-case outcomes will continue to be averted, reflecting a divided Congress and the fact that US technology companies represent the vanguard in the emerging AI battleground with China. Instead, deteriorating US/Sino relations may represent a more significant risk, coalescing around the supply of AI chips to China. We are hopeful this remains contained, but Taiwan – responsible for producing c90% of leading-edge semiconductors – represents a critical geopolitical fault line and could potentially impact a significant portion of our portfolio.

Finally, we should highlight the risk associated with disappointing AI adoption given its centrality to technology performance during 2023. This could come in the form of regulation designed to stymie change associated with generative AI or, more likely, in the event that AI monetisation at Microsoft, Adobe and other software companies proves disappointing. Although a monetisation delay is unlikely to derail the AI story, it would represent a significant setback and would likely dampen excitement around the timing, if not the ultimate size, of the AI opportunity.

Concentration risk

In our last Annual Report, we reminded our shareholders of the concentration risk both within the Trust and the market-cap-weighted index around which we construct the portfolio. After another period of pronounced large-cap outperformance, this risk has not diminished. At the half year, our three largest holdings – Apple, Microsoft, and Alphabet – represent c28% and c42% of our NAV and benchmark respectively, while our top five holdings (which includes NVIDIA and Meta Platforms (Facebook)) represent c39% and c53% of our NAV and benchmark respectively. As a large team with a growth-centric investment approach, we would welcome the opportunity to move materially underweight positions in the largest index constituents should we become concerned about their growth prospects, or if we believe there are more attractive risk/reward profiles elsewhere. However, concentration does not appear to be entirely driven by ebullient valuations; the Magnificent Seven represents 29% of the S&P 500 market cap but account for 18.7% of 2023 consensus EPS and 20% of 2024 consensus EPS. Likewise, according to Bloomberg, the 'Magnificent Seven' Index trades at 27.5x 2024 P/E ratio, which does not seem excessive for c20% earnings growth CAGR.

The past six months support our earlier view that AI plays well into mega-caps given their significant scale advantages. That said, we still find it very difficult to argue for holding much above 10% in any individual stock as we struggle with the idea that we are reducing risk by making the portfolio evermore concentrated. Instead, we continue to believe that a diversified portfolio of growth stocks and themes capable of outperformance, and constructed to withstand investment setbacks, will deliver superior returns over the medium to long term, particularly on a risk-adjusted basis.

Conclusion

Twelve months ago, we argued that the current inflationary period might not represent a change in investment regime as others were arguing at the time. Instead, we suggested it might be akin to the immediate post-WW2 years – a Covid rather than war-related disequilibrium resolvable with time and enough policymaker 'medicine'.

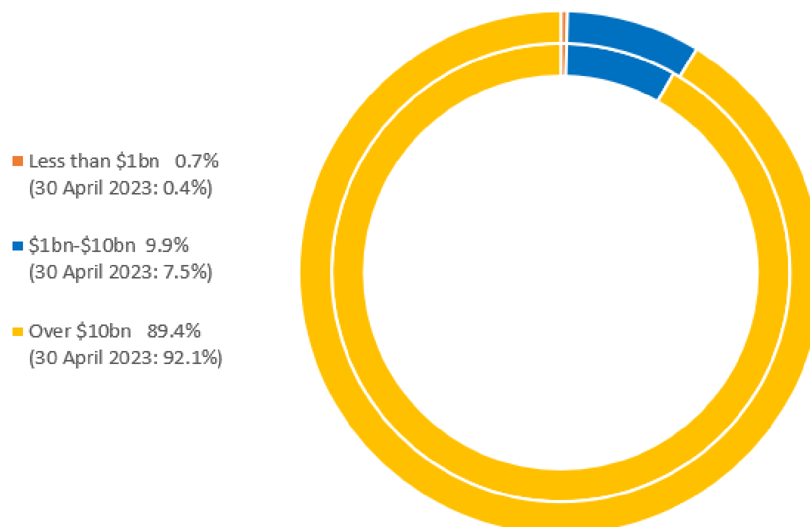
With inflation heading lower without yet taking the global economy with it, the case for 'immaculate disinflation' looks stronger than it did last year. While debate remains about whether the rate tightening cycle is complete, the proverbial 'wall of worry' has shifted towards geopolitics and primary fiscal deficits, both of which could delimit policymaker latitude to deliver the monetary adjustments necessary to avoid a hard landing. We are hopeful that decisive US action in the eastern Mediterranean will prevent the Israel/Hamas conflict from broadening, while the Saudi/Iran divide makes a 1973 rerun meaningfully less likely.

The case for renewed disinflation has also received a significant boost in the form of generative AI. We believe that after years of impressive gains in narrow fields, the recent advent of the transformer model is likely to prove the 'Bessemer moment' for AI. If so, we are likely to experience remarkable productivity gains over the coming years which may exert significant downward pressure on prices. Following the advent of cheap steel, thanks to Henry Bessemer, US prices fell on average by 4% per annum during the 1870s, a period known as the Great Deflation. However, what followed was a pronounced and prolonged rise in real wages so profound that it "gave birth to the middle class". Today, policymakers are focused on stubbornly tight labour markets just as AI threatens to disrupt as many as 300 million jobs. While this could yet take the form of dystopic science fiction and even civilisational decline, remarkable early gains from GenAI and the broad applicability of this nascent GPT (general purpose technology) suggests to us that we might instead be on the cusp of the "best decade ever" for productivity growth.

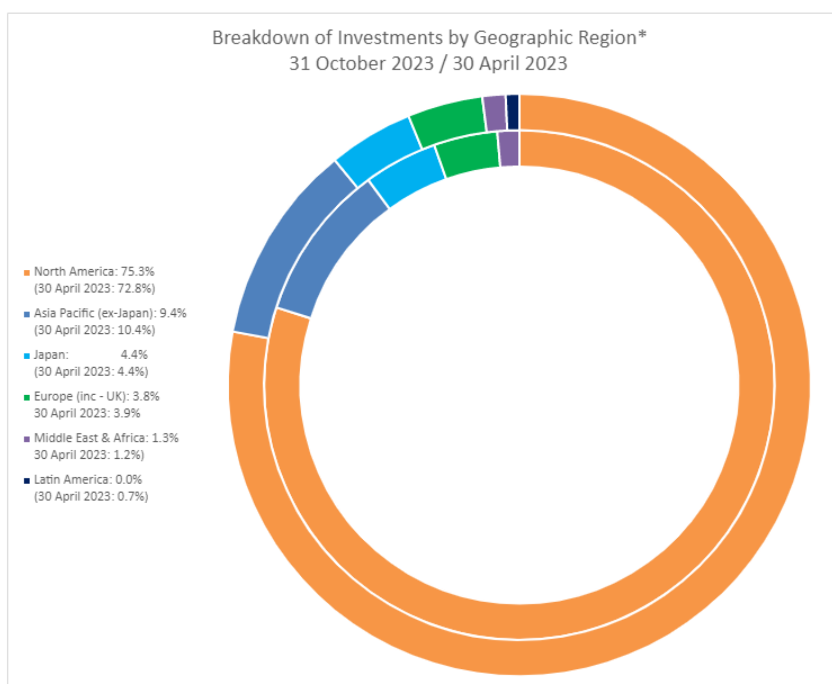
Ben Rogoff & Ali Unwin

11 December 2023

PORTFOLIO BREAKDOWN



** % of invested assets*
Outer circles represent data as at 31 October 2023, inner circles data as at 30 April 2023



** % of Net Assets, totals do not add up to 100 due to the exclusion of other net assets*
Outer circles represent data as at 31 October 2023, inner circles data as at 30 April 2023

CLASSIFICATION OF INVESTMENTS*

As at 31 October 2023

	North America (inc. Latin America)	Europe	Pacific (inc. Middle East)	Total 31 October 2023	Total 30 April 2023
	%	%	%	%	%
Software	25.4	-	1.3	26.7	24.1
Semiconductors & Semiconductor Equipment	15.6	3.2	5.7	24.5	24.0
Interactive Media & Services	12.1	-	1.3	13.4	11.7
Technology Hardware, Storage & Peripherals	9.5	-	3.0	12.5	13.4
IT Services	3.8	0.2	0.2	4.2	4.0
Broadline Retail	2.3	-	-	2.3	3.3
Electronic Equipment, Instruments & Components	-	-	2.1	2.1	1.4
Communications Equipment	2.0	-	-	2.0	1.4
Entertainment	1.2	-	-	1.2	1.0
Financial Services	1.0	-	-	1.0	3.3
Machinery	-	-	0.9	0.9	0.9
Automobiles	0.7	-	-	0.7	1.1
Healthcare Equipment & Supplies	0.2	-	0.4	0.6	1.0
Aerospace & Defence	0.5	-	-	0.5	0.2
Healthcare Technology	0.5	-	-	0.5	0.4
Ground Transportation	0.5	-	-	0.5	0.9
Life Sciences Tools & Services	-	0.3	-	0.3	-
Hotels, Restaurants & Leisure	-	-	0.1	0.1	1.2
Chemicals	-	-	0.1	0.1	-
Electrical Equipment	-	0.1	-	0.1	0.1
Total investments (£2,912,344,000)	**75.3**	**3.8**	**15.1**	**94.2**	**93.4**
Other net assets (excluding loans)	6.8	-	0.7	7.5	8.4
Loans	(1.0)	-	(0.7)	(1.7)	(1.8)
Grand total (net assets of £3,093,037,000)	**81.1**	**3.8**	**15.1**	**100.0**	-
At 30 April 2023 (net assets of £2,828,141,000)	78.9	4.8	16.3	-	100.0

** Classifications derived from Benchmark Index as far as possible. The categorisation of each investment is shown in the portfolio available on the Company's website. Not all sectors of the Benchmark are shown, only those in which the Company has an investment at the period end or in the comparative period.*

PORTFOLIO OF INVESTMENTS

Ranking					Value of holding £'000		% of net assets	
31 Oct 2023	30 Apr 2023	Stock	Sector	Region*	31 October 2023	30 April 2023	31 October 2023	30 April 2023
1	(1)	Microsoft	Software	North America	336,621	302,791	10.9	10.7
2	(2)	Apple	Technology Hardware, Storage & Peripherals	North America	252,687	284,199	8.2	10.0
3	(3)	Alphabet	Interactive Media & Services	North America	229,483	174,388	7.4	6.2
4	(4)	Nvidia	Semiconductors & Semiconductor Equipment	North America	219,855	130,855	7.1	4.6
5	(7)	Meta Platforms	Interactive Media & Services	North America	125,692	82,047	4.1	2.9
6	(5)	Advanced Micro Devices	Semiconductors & Semiconductor Equipment	North America	96,889	94,299	3.1	3.3
7	(6)	Samsung Electronics	Technology Hardware, Storage & Peripherals	Asia Pacific	87,960	83,894	2.8	3.0
8	(8)	Taiwan Semiconductor	Semiconductors & Semiconductor Equipment	Asia Pacific	77,516	61,421	2.5	2.2
9	(11)	Amazon.com	Broadline Retail	North America	69,876	46,756	2.3	1.7
10	(9)	ServiceNow	Software	North America	61,156	51,884	2.0	1.8
Top 10 investments					**1,557,735**		50.4	
11	(13)	Arista Networks	Communications Equipment	North America	57,037	38,201	1.8	1.4
12	(14)	CrowdStrike	Software	North America	56,685	36,041	1.8	1.3
13	(10)	ASML	Semiconductors & Semiconductor Equipment	Europe	51,760	49,941	1.7	1.8
14	(18)	Palo Alto Networks	Software	North America	45,849	34,847	1.5	1.2
15	(35)	MongoDB	IT Services	North America	43,402	22,107	1.4	0.8
16	(29)	Disco Corporation	Semiconductors & Semiconductor Equipment	Asia Pacific	42,805	26,960	1.4	1.0
17	(59)	Pure storage	Technology Hardware, Storage & Peripherals	North America	41,295	10,694	1.3	0.4
18	(28)	Snowflake	IT Services	North America	41,103	27,622	1.3	1.0
19	(-)	Synopsys	Software	North America	37,059	-	1.2	-
20	(16)	KLA-Tencor	Semiconductors & Semiconductor Equipment	North America	33,259	35,072	1.1	1.2
Top 20 investments					**2,007,989**		**64.9**	

21	(-)	Adobe	Software	North America	31,400	-	1.0	-
22	(24)	Monolithic Power Systems	Semiconductors & Semiconductor Equipment	North America	28,030	32,453	0.9	1.1
23	(15)	Tencent	Interactive Media & Services	Asia Pacific	27,950	35,666	0.9	1.3
24	(60)	Intuit	Software	North America	26,240	10,538	0.8	0.4
25	(31)	CyberArk Software	Software	Asia Pacific	25,419	24,330	0.8	0.9
26	(-)	Micron Technology	Semiconductors & Semiconductor Equipment	North America	25,388	-	0.8	-
27	(-)	NetFlix.Com	Entertainment	North America	24,818	-	0.8	-
28	(-)	Zscaler	Software	North America	24,491	-	0.8	-
29	(64)	ASM International	Semiconductors & Semiconductor Equipment	Europe	23,648	9,614	0.8	0.3
30	(12)	HubSpot	Software	North America	23,498	45,203	0.8	1.6
Top 30 investments					**2,268,871**		**73.3**	
31	(26)	Shopify	IT Services	North America	23,230	29,497	0.8	1.0
32	(23)	Qualcomm	Semiconductors & Semiconductor Equipment	North America	22,893	32,525	0.7	1.2
33	(50)	Tesla Motors	Automobiles	North America	21,769	13,358	0.7	0.5
34	(27)	Salesforce.com	Software	North America	21,657	27,910	0.7	1.0
35	(49)	Marvell Technology	Semiconductors & Semiconductor Equipment	North America	21,412	13,879	0.7	0.5
36	(-)	Fabrinet	Electronic Equipment, Instruments & Components	Asia Pacific	20,267	-	0.7	-
37	(-)	Rambus	Semiconductors & Semiconductor Equipment	North America	20,157	-	0.7	-
38	(47)	eMemory Technology	Semiconductors & Semiconductor Equipment	Asia Pacific	19,737	14,524	0.6	0.5
39	(-)	Unimicron Technology	Electronic Equipment, Instruments & Components	Asia Pacific	18,695	-	0.6	-
40	(46)	Pinterest	Interactive Media & Services	North America	17,683	15,134	0.6	0.5
Top 40 investments					**2,476,371**		**80.1**	
41	(17)	Mastercard	Financial Services	North America	16,994	34,908	0.5	1.2
42	(38)	Dynatrace	Software	North America	16,240	19,644	0.5	0.7
43	(74)	Axon Enterprise	Aerospace & Defence	North America	15,955	5,357	0.5	0.2

44	(-)	Datadog	Software	North America	15,375	-	0.5	-
45	(61)	Veeva Systems	Healthcare Technology	North America	15,063	10,390	0.5	0.4
46	(-)	Advantest	Semiconductors & Semiconductor Equipment	Asia Pacific	14,534	-	0.5	-
47	(30)	Uber Technologies	Ground Transportation	North America	13,503	25,788	0.5	0.9
48	(48)	Hoya	Healthcare Equipment & Supplies	Asia Pacific	13,392	14,264	0.4	0.5
49	(57)	E Ink	Electronic Equipment, Instruments & Components	Asia Pacific	13,370	12,028	0.4	0.4
50	(-)	BE Semiconductor Industries	Semiconductors & Semiconductor Equipment	Europe	13,168	-	0.4	-
Top 50 investments					**2,623,965**		**84.8**	
51	(21)	Workday	Software	North America	13,087	33,429	0.4	1.2
52	(66)	Elastic	Software	North America	12,518	9,134	0.4	0.3
53	(42)	Roblox	Entertainment	North America	12,418	17,444	0.4	0.6
54	(43)	Baidu	Interactive Media & Services	Asia Pacific	11,758	16,616	0.4	0.6
55	(37)	Lattice Semiconductor	Semiconductors & Semiconductor Equipment	North America	11,455	20,572	0.4	0.7
56	(79)	GitLab	Software	North America	11,218	4,063	0.4	0.1
57	(53)	Harmonic Drive Systems	Machinery	Asia Pacific	10,536	12,777	0.4	0.5
58	(82)	Braze	Software	North America	10,495	3,668	0.3	0.1
59	(25)	Cloudflare	IT Services	North America	10,060	29,973	0.3	1.0
60	(-)	Teradata	Software	North America	9,488	-	0.3	-
Top 60 investments					**2,736,998**		**88.5**	
61	(-)	Cadence Design System	Software	North America	9,327	-	0.3	-
62	(33)	Tokyo Electron	Semiconductors & Semiconductor Equipment	Asia Pacific	9,302	23,016	0.3	0.8
63	(41)	Confluent	Software	North America	8,867	18,140	0.3	0.6
64	(-)	STMicroelectronics	Semiconductors & Semiconductor Equipment	Europe	8,707	-	0.3	-
65	(-)	Minebea	Machinery	Asia Pacific	8,295	-	0.3	-
66	(65)	Flywire	Financial Services	North America	8,048	9,503	0.3	0.3
67	(58)	Kinaxis	Software	North America	7,560	11,909	0.2	0.4
68	(51)	Intuitive Surgical	Healthcare Equipment & Supplies	North America	7,555	13,230	0.2	0.5

69	(-)	Monday.com	Software	Asia Pacific	7,478	-	0.2	-
70	(-)	DoubleVerify	Software	North America	7,160	-	0.2	-
Top 70 investments					**2,819,297**		**91.1**	
71	(22)	Visa	Financial Services	North America	6,739	33,156	0.2	1.2
72	(32)	Keyence	Electronic Equipment, Instruments & Components	Asia Pacific	6,643	23,561	0.2	0.8
73	(71)	Fuji Machine Manufacturing	Machinery	Asia Pacific	6,642	5,680	0.2	0.2
74	(-)	Lite-On Technology	Technology Hardware, Storage & Peripherals	Asia Pacific	6,521	-	0.2	-
75	(-)	JFrog	Software	Asia Pacific	6,182	-	0.2	-
76	(76)	Zuken	IT Services	Asia Pacific	5,253	5,187	0.2	0.2
77	(-)	Wise	IT Services	Europe	4,858	-	0.2	-
78	(-)	Ciena	Communications Equipment	North America	4,565	-	0.2	-
79	(-)	Oxford Nanopore Technologies	Life Sciences Tools & Services	Europe	4,443	-	0.2	-
80	(69)	First Solar	Semiconductors & Semiconductor Equipment	North America	4,328	7,708	0.1	0.3
Top 80 investments					**2,875,471**		**93.0**	
81	(-)	Ferrotec	Semiconductors & Semiconductor Equipment	Asia Pacific	3,940	-	0.1	-
82	(45)	Trip.Com	Hotels, Restaurants & Leisure	Asia Pacific	3,853	15,415	0.1	0.5
83	(-)	Micronics Japan	Semiconductors & Semiconductor Equipment	Asia Pacific	3,613	-	0.1	-
84	(-)	Hamamatsu Photonics	Electronic Equipment, Instruments & Components	Asia Pacific	3,562	-	0.1	-
85	(-)	MEC	Chemicals	Asia Pacific	3,502	-	0.1	-
86	(56)	Atlassian	Software	Asia Pacific	3,115	12,039	0.1	0.4
87	(-)	Camtek	Semiconductors & Semiconductor Equipment	Asia Pacific	3,031	-	0.1	-
88	(-)	Ansys	Software	North America	3,001	-	0.1	-
89	(84)	Seeing Machines	Electronic Equipment, Instruments & Components	Asia Pacific	2,885	3,265	0.1	0.1
90	(-)	Kokusai Electric	Semiconductors & Semiconductor Equipment	Asia Pacific	2,556	-	0.1	-

Top 90 investments					**2,908,529**		94.0	
91	(-)	Evotec OAI	Life Sciences Tools & Services	Europe	2,282	-	0.1	-
92	(85)	Ceres Power	Electrical Equipment	Europe	1,532	2,703	0.1	0.1
93	(87)	Cermetek Microelectronics	Electronic Equipment, Instruments & Components	North America	1	1	-	-
		Total equities			**2,912,344**		**94.2**	
		Other net assets*			**180,693**		**5.8**	
		Total net assets			**3,093,037**		**100.0**	

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

*Refer to Balance Sheet on page 23 for more details.

CORPORATE MATTERS

THE BOARD
There have been no changes to the membership of the Board in the six months ended 31 October 2023.

As noted in the Company's Annual Report for the year ended 30 April 2023, Charlotta Ginman stepped down as Audit Chair of the Company on 31 October 2023 and was succeeded by Jane Pearce as part of a smooth and orderly transition. Charlotta remains on the Board as a non-executive Director of the Company and will step down from the Board following nine years' service at the AGM in September 2024.

Biographical details of all Directors are available on the Company's website and are provided in the Company's latest Annual Report for the year ending 30 April 2023.

GEARING
As at 31 October 2023, the Company had two, two-year fixed rate, term loans with ING Bank N.V expiring in September 2024 (JPY 3.8bn and USD36m). The JPY loan has been fixed at an all-in rate of 1.13% pa and the USD loan has been fixed at an all-in rate of 5.43% pa. The prior loans were repaid in full at expiry.

SHARE BUY-BACKS
As described in the full year report and accounts for the year ending 30 April 2023, the Board continually monitors the discount at which the Company's ordinary shares trade in relation to the Company's underlying NAV. Discounts across the whole of the investment trust sector continue to widen due to the challenging market conditions and, unfortunately, the discount of the Company has also been impacted. 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 Company does not have an absolute target discount level at which it buys back shares but will continue to buy back shares when deemed appropriate.

In the six months to 31 October 2023, the Company has repurchased a total of 3,036,287 shares into treasury representing 2.2% of the total issued capital. Since the period end to 8 December 2023, we have bought back a further 589,658 shares. The number of repurchased shares now in treasury is 14,655,401 representing 10.7% of issued share capital.

AUDITOR
KPMG LLP were re-appointed as the Company's external auditor at the AGM held on 7 September 2023.

PRINCIPAL RISKS AND UNCERTAINTIES
The Directors consider that the principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, remain consistent with those outlined in the Annual Report for the year ended 30 April 2023. A detailed explanation of the Company's principal risks and uncertainties, and how they are managed through mitigation and controls, can be found on pages 62 to 65 of the Annual Report for the year ended 30 April 2023. The Company has a risk management framework that provides a structured process for identifying, assessing and managing the risks associated with the Company's business.

We continue to consider the impact of the Russian war on Ukraine as well as the effects of the Middle East crisis which has created further market volatility. Geopolitical events such as these are captured within the Company's risk map and will be periodically assessed by the Board in light of how they may affect the Company's portfolio and the economic and geopolitical environment in which the Company operates.

The investment portfolio is diversified by geography which mitigates risk but is focused on the technology sector and has a high proportion of non-Sterling investments. Further detail on the Company's performance and portfolio can be found in the Investment Managers' Review.

RELATED PARTY TRANSACTIONS
In accordance with DTR 4.2.8R there have been no new related party transactions during the six-month period to 31 October 2023 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Company during that period. There have therefore been no changes in any related party transaction described in the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year or to the date of this report.

GOING CONCERN

As detailed in the notes to the financial statements and in the Annual Report for the year ended 30 April 2023, the Board periodically monitors the financial position of the Company and has considered for the six months ending 31 October 2023 a detailed assessment of the Company's ability to meet its liabilities as they fall due. The review also included consideration of the level of readily realisable investments and current cash and debt ratios of the Company and the ability to repay the outstanding bank facilities. Repayment of the bank facility would equate to approximately 20.4% of the total cash and cash equivalents readily available to the Company as at 31 October 2023.

In light of the results of these tests on the Company's cash balances and 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. Having carried out the assessment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Company. The Directors have not identified any material uncertainties or events that might cast significant doubt upon the Company's ability to continue as a going concern.

The assets of the Company comprise mainly of securities that are readily realisable and accordingly, the Company has adequate financial resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Polar Capital Technology Trust plc, which are listed in the Directors and Contacts Section, confirm to the best of their knowledge that:

- The condensed set of financial statements has been prepared in accordance with UK-adopted International Accounting Standard 34, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 31 October 2023;

The Interim Management Report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Half Year Report for the six-month period to 31 October 2023 has not been audited or reviewed by the Company's Auditor. The Half Year Report for the six-month period to 31 October 2023 was approved by the Board on 11 December 2023.

On behalf of the Board

Catherine Cripps

Chair

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

		(Unaudited)						(Audited)		
		Six months ended 31 October 2023			Six months ended 31 October 2022			Year ended 30 April 2023		
	Note	**Revenue Return £'000**	**Capital Return £'000**	**Total Return £'000**	Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000
Investment income	2	**7,336**	**-**	**7,336**	8,408	38	8,446	16,160	42	16,202
Other operating income	2	**3,494**	**-**	**3,494**	988	-	988	3,820	-	3,820
Gains/(losses) on investments held at fair value	3	**-**	**341,136**	**341,136**	-	(302,041)	(302,041)	-	(106,807)	(106,807)
(Losses)/gains on derivatives	4	**-**	**(9,096)**	**(9,096)**	-	8,729	8,729	-	34	34
Other currency gains	5	**-**	**3,889**	**3,889**	-	15,631	15,631	-	8,409	8,409
Total income		**10,830**	**335,929**	**346,759**	9,369	(277,643)	(268,247)	19,980	(98,322)	(78,342)
Expenses										
Investment management fee	6	**(12,155)**	**-**	**(12,155)**	(11,328)	-	(11,328)	(21,918)	-	(21,918)
Other administrative expenses	7	**(600)**	**-**	**(600)**	(630)	-	(630)	(1,176)	-	(1,176)
Total expenses		**(12,755)**	**-**	**(12,755)**	(11,958)	-	(11,958)	(23,094)	-	(23,094)
(Loss)/profit before finance costs and tax		**(1,925)**	**335,929**	**334,004**	(2,562)	(277,643)	(280,205)	(3,114)	(98,322)	(101,436)
Finance costs		**(937)**	**-**	**(937)**	(675)	-	(675)	(1,598)	-	(1,598)
(Loss)/profit before tax		**(2,862)**	**335,929**	**333,067**	(3,237)	(277,643)	(280,880)	(4,712)	(98,322)	(103,034)
Tax		**(919)**	**-**	**(919)**	(1,080)	-	(1,080)	(2,148)	-	(2,148)
Net (loss)/profit for the period and total comprehensive (expense)/income		**(3,781)**	**335,929**	**332,148**	(4,317)	(277,643)	(281,960)	(6,860)	(98,322)	(105,182)
(Losses)/earnings per ordinary share (basic) (pence)	9	**(3.03)**	**269.34**	**266.31**	(3.30)	(212.28)	(215.58)	(5.30)	(75.98)	(81.28)

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 Association of Investment Companies (AIC).

All items in the above statement derive from continuing operations.

The Company does not have any other comprehensive income.

BALANCE SHEET AS AT 31 OCTOBER 2023

	Note	**(Unaudited) 31 October 2023 £'000**	(Unaudited) 31 October 2022 £'000	(Audited) 30 April 2023 £'000
Non-current assets				
Investments held at fair value through profit or loss		**2,912,344**	2,496,672	2,640,177
Current assets				
Derivative financial instruments		**6,814**	1,432	2,571
Receivables		**30,208**	24,661	20,605
Overseas tax recoverable		**379**	320	379
Cash and cash equivalents	8	**247,526**	261,919	239,096
		284,927	288,332	262,651
Total assets		**3,197,271**	2,785,004	2,902,828
Current liabilities				
Payables		**(53,547)**	(20,015)	(23,842)
Bank loans*		**(50,345)**	-	-
Bank overdraft	8	**(342)**	-	-
		(104,234)	(20,015)	(23,842)
Non-current liabilities				
Bank loans*		**-**	(53,473)	(50,845)
Net assets		**3,093,037**	2,711,516	2,828,141
Equity attributable to equity shareholders				
Share capital	10	**34,329**	34,329	34,329
Capital redemption reserve		**12,802**	12,802	12,802
Share premium		**223,374**	223,374	223,374
Special non-distributable reserve		**7,536**	7,536	7,536
Capital reserves		**2,952,436**	2,564,591	2,683,759
Revenue reserve		**(137,440)**	(131,116)	(133,659)
Total equity		**3,093,037**	2,711,516	2,828,141
Net asset value per ordinary share (pence)	11	**2509.58**	2095.24	2239.48

*As detailed within the Corporate Matters Section – see paragraph on Gearing.

Approved and authorised by the Board of Directors on 11 December 2023.

Catherine Cripps
Chair

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

		(Unaudited) Six months ended 31 October 2023						
	Note	**Share capital £'000**	**Capital redemption reserve £'000**	**Share premium £'000**	**Special non-distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Total equity at 30 April 2023		34,329	12,802	223,374	7,536	2,683,759	(133,659)	2,828,141
Total comprehensive income/(expense):								
Profit/(loss) for the period to 31 October 2023	9	-	-	-	-	335,929	(3,781)	332,148
Transactions with owners, recorded directly to equity:								
Ordinary shares repurchased into treasury	10	-	-	-	-	(67,252)	-	(67,252)
Total equity at 31 October 2023		**34,329**	**12,802**	**223,374**	**7,536**	**2,952,436**	**(137,440)**	**3,093,037**

		(Unaudited) Six months ended 31 October 2022						
		Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2022		34,329	12,802	223,374	7,536	2,899,743	(126,799)	3,050,985
Total comprehensive expense:								
Loss for the period to 31 October 2022	9	-	-	-	-	(277,643)	(4,317)	(281,960)
Transactions with owners, recorded directly to equity:								
Ordinary shares repurchased into treasury	10	-	-	-	-	(57,509)	-	(57,509)
Total equity at 31 October 2022		34,329	12,802	223,374	7,536	2,564,591	(131,116)	2,711,516

		(Audited) Year ended 30 April 2023						
		Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2022		34,329	12,802	223,374	7,536	2,899,743	(126,799)	3,050,985
Total comprehensive expense:								
Loss for the year to 30 April 2023	9	-	-	-	-	(98,322)	(6,860)	(105,182)
Transactions with owners, recorded directly to equity:								
Ordinary shares repurchased into treasury	10	-	-	-	-	(117,662)	-	(117,662)
Total equity at 30 April 2023		34,329	12,802	223,374	7,536	2,683,759	(133,659)	2,828,141

Note – Share capital, Capital redemption reserve, Share premium and Special non-distributable reserve are all non-distributable. Realised distributable capital reserve and Revenue reserve are distributable.

CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

	Note	(Unaudited) **Six months ended 31 October 2023 £'000**	Six months ended 31 October 2022 £'000	(Audited) Year ended 30 April 2023 £'000
Cash flows from operating activities				
Profit/(loss) before tax		**333,067**	(280,880)	(103,034)
Adjustments:				
(Gains)/losses on investments held at fair value through profit or loss	**3**	**(341,136)**	302,041	106,807
Losses/(gains) on derivative financial instruments	**4**	**9,096**	(8,729)	(34)
Proceeds of disposal on investments		**1,140,262**	1,305,771	2,311,861
Purchases of investments		**(1,050,305)**	(1,320,038)	(2,266,936)
Proceeds on disposal of derivative financial instruments		**4,754**	42,614	46,536
Purchases of derivative financial instruments		**(18,093)**	(28,838)	(42,594)
Decrease/(increase) in receivables		**371**	500	(472)
Increase/(decrease) in payables*		**327**	(4,593)	(4,580)
Finance costs*		**937**	675	1,598
Overseas tax		**(919)**	(1,114)	(2,241)
Foreign exchange gains	**5**	**(3,889)**	(15,631)	(8,409)
Net cash generated/(used in) from operating activities		**74,472**	(8,222)	38,502
Cash flows from financing activities				
Finance costs paid*		**(934)**	(553)	(1,539)
Ordinary shares repurchased into treasury	10	**(68,839)**	(57,738)	(116,449)
Net cash used in financing activities		**(69,773)**	(58,291)	(117,988)
Net increase/(decrease) in cash and cash equivalents		**4,699**	(66,513)	(79,486)
Cash and cash equivalents at the beginning of the period		**239,096**	311,363	311,363
Effect of movement in foreign exchange rates on cash held	5	**3,389**	17,069	7,219
Cash and cash equivalents at the end of the period	8	**247,184**	261,919	239,096

Reconciliation of cash and cash equivalents to the Balance Sheet is as follows:				
Cash held at bank and derivative clearing houses	8	**138,967**	166,376	148,682
BlackRock's Institutional Cash Series plc (US Treasury Fund), money market fund	8	**108,217**	95,543	90,414
Cash and cash equivalents at the end of the period	8	**247,184**	261,919	239,096

* The finance costs paid which was previously included in the cash flows from operating activities for the six months ended 31 October 2022 has been re-presented as a cash flow from financing activities to align with the current period and prior year end presentation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

1. GENERAL INFORMATION

The Financial Statements comprise the unaudited results for Polar Capital Technology Trust Plc for the six-month period to 31 October 2023.

The unaudited Financial Statements to 31 October 2023 have been prepared in accordance with UK-adopted International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies set out in the statutory annual Financial Statements of the Company for the year ended 30 April 2023.

Where presentational guidance set out in the Statement of Recommend Practice ("the SORP") for investment trusts issued by the Association of Investment Companies in July 2022 is consistent with the requirements of UK-adopted International Accounting Standard ("UK-adopted IAS"), the accounts have been prepared on a basis compliant with the recommendations of the SORP.

The financial information in this Half Year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six-month periods ended 31 October 2023 and 31 October 2022 has not been audited. The figures and financial information for the year ended 30 April 2023 are an extract from the latest published Financial Statements and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 April 2023, prepared under UK-adopted IAS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The accounting policies have not varied from those described in the Annual Report for the year ended 30 April 2023.

The Directors believe it is appropriate to adopt the going concern basis in preparing the Financial Statements. As at 31 October 2023 the Company's total assets exceeded its total liabilities by a multiple of over 30. The Board continually monitors the financial position of the Company. The Directors have considered a detailed assessment of the Company's ability to meets its liabilities as they fall due. The assessment took account of the Company's current financial position, the ability to repay outstanding bank facilities which fall due for repayment on 30 September 2024, 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 them to continue in operational existence for at least 12 months. Accordingly, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Company.

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

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**
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Requirement amended to disclose material accounting policies instead of significant accounting policies and provided guidance in making materiality judgements to accounting policy disclosure.	1 January 2023

Definition of Accounting Estimates (amendments to IAS 8)	Introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policy.	1 January 2023
International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)	A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.	1 January 2023

i) At the date of authorisation of the Company's Financial Statements, the following new or amended standard that potentially impact the Company are in issue but are not yet effective and have not been applied in the Financial Statements:

Standards & Interpretations		**Effective for periods commencing on or after**
Amendments to IAS 1 Presentation of Financial Statements - Non-current liabilities with Covenants - Deferral of Effective Date Amendment (published 15 July 2020) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (publicised 23 January 2020)	The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current and the disclosure requirement in the financial statements for the risk that non-current liabilities with covenant could become repayable within twelve months.	1 January 2024

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.

The Financial Statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise stated.

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 the most relevant to the majority of the Company's shareholders and creditors and the currency in which the majority of the Company's operating expense are paid.

2. INCOME

	(Unaudited) For the six months ended 31 October 2023 £'000	(Unaudited) For the six months ended 31 October 2022 £'000	(Audited) For the year ended 30 April 2023 £'000
Investment income			
Revenue:			
Overseas dividend income	**7,336**	8,408	16,160
Total investment income	**7,336**	8,408	16,160

Other operating income			
Bank interest	**1,365**	378	1,478
Money market fund interest	**2,129**	610	2,342
	3,494	988	3,820
Total income	**10,830**	9,396	19,980
Capital:			
Special dividends allocated to capital	**-**	38	42
Total investment income allocated to capital	**-**	38	42

Included within investment income, there are no (31 October 2022: £239,000 and 30 April 2023: £350,000) special dividends classified as revenue in nature. No special dividends have been recognised in capital (31 October 2022: £38,000 and 30 April 2023: £42,000).

All investment income is derived from listed investments.

3. GAINS/(LOSSES) ON INVESTMENT HELD AT FAIR VALUE

	(Unaudited) For the six months ended 31 October 2023 £'000	(Unaudited) For the six months ended 31 October 2022 £'000	(Audited) For the year ended 30 April 2023 £'000
Net gains/(losses) on disposal of investments at historic cost	**100,399**	(130,570)	(130,861)
Transfer on disposal of investments	**(29,361)**	(3,653)	(59,647)
Gains/(losses) on disposal of investments based on carrying value at previous balance sheet date	**71,038**	(134,223)	(190,508)
Valuation gains/(losses) on investments held during the period	**270,098**	(167,818)	83,701
	341,136	(302,041)	(106,807)

4. (LOSSES)/GAINS ON DERIVATIVES

	(Unaudited) For the six months ended 31 October 2023 £'000	(Unaudited) For the six months ended 31 October 2022 £'000	(Audited) For the year ended 30 April 2023 £'000
(Losses)/gains on disposal of derivatives held	**(15,963)**	9,451	5,019
Gains/(losses) on revaluation of derivatives held	**6,867**	(722)	(4,985)
	(9,096)	8,729	34

The derivative financial instruments represent the call and put options, which are used for the purpose of efficient portfolio management. As at 31 October 2023, the Company held NASDAQ 100 Stock Index put options, and the market value of the open put option position was £3,806,000 (31 October 2022: NASDAQ 100 Stock Index put options with a market value of £1,432,000; 30 April 2023: NASDAQ 100 Stock Index put options with a market value of £1,559,000). As at 31 October 2023, the Company held Microsoft Corp call options and the market value of these open call option positions was £3,008,000 (31 October 2022: No call option held; 30 April 2023: Microsoft Corp call options with a market value of £1,012,000).

5. OTHER CURRENCY GAINS

	(Unaudited) For the six months ended 31 October 2023 £'000	(Unaudited) For the six months ended 31 October 2022 £'000	(Audited) For the year ended 30 April 2023 £'000
Exchange gains on currency balances	**3,389**	17,069	7,219
Exchange losses on settlement of loan balances	**-**	(507)	(507)
Exchange gains/(losses)on translation of loan balances	**500**	(931)	1,697
	3,889	15,631	8,409

6. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

INVESTMENT MANAGEMENT FEE

The investment management fee, which is paid by the Company monthly in arrears to the Investment Manager, is calculated on the daily Net Asset Value ("NAV") on a per share basis as follows:

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

Any investments in funds managed by Polar Capital are excluded from the investment management fee calculation.

PERFORMANCE FEE

The Investment Manager is entitled to a performance fee based on the level of outperformance of the Company's net asset value per share over its benchmark, the Dow Jones World Technology Index (total return, Sterling adjusted, with the removal of relevant withholding taxes) during the relevant performance period.

At 31 October 2023, there was no accrued performance fee (31 October 2022 and 30 April 2023: £nil). The quantum of any performance fee will be based on the audited net asset value at the year end on 30 April 2024.

A fuller explanation of the performance and management fee arrangements is given in the Annual Report.

7. OTHER ADMINISTRATIVE EXPENSES

At 31 October 2023, the Company's other administrative expenses, were £600,000 (31 October 2022: £630,000 and 30 April 2023: £1,176,000).

8. CASH AND CASH EQUIVALENTS

	(Unaudited) For the six months ended 31 October 2023 £'000	(Unaudited) For the six months ended 31 October 2022 £'000	(Audited) For the Year ended 30 April 2023 £'000
Cash at bank	**138,576**	166,334	148,682
Cash held at derivative clearing houses	**733**	42	-
Money market fund	**108,217**	95,543	90,414
Cash and cash equivalent	**247,526**	261,919	239,096
Bank overdraft	**(342)**	-	-
Total	**247,184**	261,919	239,096

As part of the Company's cash diversification strategy, as at 31 October 2023, the Company held BlackRock's Institutional Cash Series plc – US Treasury Fund with a market value of £108,217,000 (31 October 2022: £95,543,000 and 30 April 2023: £90,414,000), which is managed as part of the Company's cash and cash equivalents as defined under IAS 7.

9. (LOSSES)/EARNINGS PER ORDINARY SHARE

	(Unaudited) For the six months ended 31 October 2023 £'000	(Unaudited) For the six months ended 31 October 2022 £'000	(Audited) For the Year ended 30 April 2023 £'000
Net profit/(loss) for the period:			
Revenue	**(3,781)**	(4,317)	(6,860)
Capital	**335,929**	(277,643)	(98,322)
Total	**332,148**	(281,960)	(105,182)
Weighted average number of shares in issue during the period	**124,721,854**	130,792,391	129,409,889
Revenue	**(3.03)p**	(3.30)p	(5.30)p
Capital	**269.34p**	(212.28)p	(75.98)p
Total	**266.31p**	(215.58)p	(81.28)p

10. SHARE CAPITAL

At 31 October 2023 there were 123,249,257 Ordinary Shares in issue (31 October 2022: 129,413,314 and 30 April 2023: 126,285,544.) During the six months ended 31 October 2023, the Company issued no Ordinary Shares (31 October 2022 and 30 April 2023: the same). During the same period, a total of 3,036,287 (31 October 2022: 2,943,112 and 30 April 2023: 6,070,882) Ordinary Shares were repurchased into treasury at a total cost of £66,918,000 (31 October 2022: £57,223,000 and 30 April 2023: £117,078,000).

Subsequent to the period end, and to 8 December 2023 (latest practicable date), 589,658 Ordinary Shares were repurchased and placed into treasury at an average price of 2367.74p per share.

11. NET ASSET VALUE PER ORDINARY SHARE

	(Unaudited) 31 October 2023 £'000	(Unaudited) 31 October 2022 £'000	(Audited) 30 April 2023 £'000
Undiluted:			
Net assets attributable to ordinary shareholders (£'000)	**3,093,037**	2,711,516	2,828,141
Ordinary shares in issue at end of period	**123,249,257**	129,413,314	126,285,544
Net asset value per ordinary share	**2509.58p**	2095.24p	2239.48p

12. DIVIDEND

No interim dividend has been declared for the period ended 31 October 2023, nor for the periods ended 31 October 2022 or 30 April 2023 respectively.

13. RELATED PARTY TRANSACTIONS

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six-month period to 31 October 2023.

14. POST BALANCE SHEET EVENTS

Subsequent to the period end, and to 8 December 2023 (latest practicable date), 589,658 Ordinary Shares were repurchased and placed into treasury at an average price of 2367.74p 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.

Alternative Performance Measures (APMs)

In assessing the performance of the Company, the Investment Manager and the Directors use the following APMs which are not defined in accounting standards or law but are considered to be known industry metrics:

NAV Total Return (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 six months ended 31 October 2023 and year ended 30 April 2023.

		(Unaudited) For the six months ended 31 October 2023	(Audited) Year ended 30 April 2023
Opening NAV per share	**a**	**2239.48p**	2305.13p
Closing NAV per share	**b**	**2509.58p**	2239.48p
NAV total return for the year	**(b/a)-1**	**12.1%**	(2.8%)

(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. A premium or discount is generally the consequence of supply and demand for the shares on the stock market.

		(Unaudited) 31 October 2023	(Audited) 30 April 2023
Closing share price	**a**	**2145.00p**	1940.00p
Closing NAV per share	**b**	**2509.58p**	2239.48p
Discount of ordinary share price to the NAV per ordinary share	**(a/b)-1**	**(14.5%)**	(13.4%)

DIRECTORS AND CONTACTS

Directors (all independent non-executive)
Catherine Cripps (Chair)
Tim Cruttenden (Senior Independent Director)
Jane Pearce (Audit Committee Chair from 31 October 2023)
Charlotta Ginman (Audit Committee Chair to 31 October 2023)
Charles Park
Stephen White

Investment Manager and AIFM
Polar Capital LLP
Authorised and regulated by the Financial Services Authority

Portfolio Manager
Ben Rogoff

Deputy Manager
Alastair Unwin

Registered Office and address for contacting the Directors
16 Palace Street, London SW1E 5JD
020 7227 2700

Company Secretary
Polar Capital Secretarial Services Limited
represented by Jumoke Kupoluyi, ACG

Corporate Broker
Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

Depositary, Bankers and Custodian
HSBC Bank Plc, 8 Canada Square, London E14 5HQ

Registered Number
Incorporated in England and Wales with company number 3224867 and registered as an investment company under section 833 of the Companies Act 2006

Forward Looking Statements
Certain statements included in this 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 section on pages 62 to 65 of the Annual Report. No part of these results 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.

Half Year Report
The Company has opted not to post half year reports to shareholders. Copies of the Half Year Report will be available from the Secretary at the Registered Office, 16 Palace Street, London SW1E 5JD and from the Company's website at www.polarcapitaltechnologytrust.co.uk

National Storage Mechanism
A copy of the Half Year Report has been submitted to the National Storage Mechanism ('NSM') and will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

Neither the contents of the Company's website nor the contents of any website accessible from the hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this announcement. **Neither the contents of the Company's website nor the contents of any website accessible from the hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this announcement**.