

**SHINING A LIGHT ON THE.....
Polar Capital Global Technology Fund**

AT A GLANCE

Investment Objective
The investment objective of the Fund is long term capital appreciation by way of investing in a globally diversified portfolio of technology companies. Although the Fund may receive income in the form of dividends, interest and from other sources, income is not a primary consideration. The Fund will invest at least 51% of its gross assets on a continuous basis directly in Equity Participations. The Fund will invest at least two thirds of its total assets in technology-related companies worldwide. The Fund will take a geographically diversified approach and operate within broad asset allocation ranges, but there are no specified limits on investing in any geographical region or single country.

Launch	19th October 2001
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04GUY

Management	
Manager Name	Start Date
Nick Evans	19 th October 2001
Ben Rogoff	19 th October 2001

FUND PERFORMANCE

Performance from 1st January 2016 to 31st January 2022:

	2016	2017	2018	2019	2020	2021	2022
Polar Capital Global Technology Fund	31.93%	34.63%	9.42%	31.89%	52.81%	10.55%	-10.44%
DJ Global Technology TR USD	34.75%	29.06%	-0.18%	38.97%	41.69%	28.24%	-7.45%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Polar Capital Global Technology Fund	-2.62%	87.29%	178.77%	884.71%
DJ Global Technology TR USD	16.70%	120.39%	191.06%	891.51%

You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.34	-0.94	-	74.05	72.21	25.00	0.86	-2.98	Growth/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	16.59%
3-Yr Mean Return (average)	23.26%

Investment Style Details	
Giant	48.43%
Large	27.65%
Medium	15.70%
Small	4.95%
Micro	0.00%

Top 5 Holdings – 72 Equity Holdings		
Microsoft Corp	Technology	6.67%
Apple Inc	Technology	4.91%
Alphabet Inc Class A	Communication Services	3.95%
Alphabet Inc Class C	Communication Services	3.94%
Advanced Micro Devices Inc	Technology	3.43%

Top 5 Sectors	
Technology	70.13%
Communication Services	18.93%
Consumer Cyclical	8.42%
Financial Services	0.94%
Healthcare	0.91%

Top 5 Regions	
United States	80.52%
Asia – Developed	10.17%
Eurozone	3.94%
Japan	3.39%
Asia – Emerging	1.98%

UPDATE....

We have argued that holding tech for the last ten-years has been the right thing to do. However, many of the big tech names can be found across regional and growth strategies and therefore do we need a tech fund? In the top ten this fund has Microsoft, Apple, Alphabet, NVIDIA, Meta, Amazon and TSMC. So around 30% is in names which are easily recognised, and that is just in the top-ten. If you go deeper there will be.

They have argued that they have been on the back of a bull run in this sector, but they don't think some of these mega caps will deliver the same returns. They also point out that they are looking to deliver lower risk returns, they are not trying to be the best fund manager but provide investors with access to technology in a more controlled way.

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Although the fund has outperformed the global index it has struggled against the benchmark. This is one of the most recognised teams and perhaps this reflects that the tech sector is mature and now is not the time to hold this type of fund.

In terms of style, they are not looking to overpay for stocks and positioning tends to start around 0.7% and 3%. They also use options to reduce the volatility of the fund. They also have a strong focus on liquidity, with 95% of the fund being able to be liquidated within 3 days. They argue they are benchmark agnostic. We can't test this but we had in the past a figure of around 55% which seems low for a benchmark agnostic fund.

They see this as a stock pickers fund with a thematic overlay and they are growth centric in investment style. The core themes include:

- Online Advertising / ecommerce
- Data economy / AI
- Cloud infrastructure / security
- Software
- Digital entertainment
- Connectivity / 5G / IoT
- Mobility / EV / Renewables
- Metaverse / AR

The metaverse is an area they see as an evolving framework, with massive opportunities going into the future.

They have increased their work on ESG and how tech can help as they see this as another opportunity going forward.

In summary, if you removed some of the names you can easily identify as being in global and regional funds, then I would suspect that probably less than 30 names are unique to this strategy. Those names are likely to be smaller holdings and therefore the question is whether they can make any significant upside for the strategy. We have no doubt this is a great team, and that they have done well in the past. This is a strategy we have liked but we are forward looking and the question that sits upper most in our minds is whether the glory days are now behind this fund and this theme.

The source of information in this note has been provided by Polar Capital and is correct as of February 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.