

**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.

<b>Launch</b>	<b>19<sup>th</sup> October 2001</b>
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04GUY">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04GUY</a>

Management	
Manager Name	Start Date
Nick Evans	19 <sup>th</sup> October 2001
Ben Rogoff	19 <sup>th</sup> October 2001

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2016 to 31<sup>st</sup> August 2022:

	2016	2017	2018	2019	2020	2021	2022
<b>Polar Capital Global Technology Fund</b>	31.93%	34.63%	9.42%	31.89%	52.81%	10.55%	-18.72%
<b>DJ Global Technology TR USD</b>	34.75%	29.06%	-0.18%	38.97%	41.69%	28.24%	-16.05%

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

	1 year	3 years	5 years	Since launch
<b>Polar Capital Global Technology Fund</b>	-18.32%	40.62%	105.21%	793.75%
<b>DJ Global Technology TR USD</b>	-11.23%	64.14%	121.00%	799.41%

*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
7.85	-0.75	-	71.04	77.55	30.56	0.88	-4.27	Growth/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	18.24%
3-Yr Mean Return (average)	12.03%

Investment Style Details	
Giant	42.08%
Large	24.57%
Medium	20.64%
Small	5.84%
Micro	0.49%

Top 5 Holdings – 65 Equity Holdings		
Microsoft Corp	Technology	8.55%
Apple Inc	Technology	6.27%
Advanced Micro Devices Inc	Technology	3.84%
Apple Inc 18 Nov 2022 C175 Option	-	3.49%
Taiwan Semiconductor Manufacturi...	Technology	3.06%

Top 5 Sectors	
Technology	78.81%
Communication Services	9.14%
Consumer Cyclical	8.85%
Financial Services	2.05%
Healthcare	0.62%

Top 5 Regions	
United States	80.18%
Asia – Developed	10.40%
Asia – Emerging	3.67%
Eurozone	2.31%
Japan	2.26%

<b>Fund Benchmark</b>	DJ Global Technology TR USD
<b>Fund size (Mil)</b>	USD 4,762.91
<b>Ongoing Charge</b>	1.62%
<b>Active share</b>	-

Bull points (pros)	Bear points (cons)
<ul style="list-style-type: none"> <li>Invests in a rapidly evolving part of the market</li> <li>One of the largest technology teams in Europe</li> <li>Stable team with a previously excellent track record</li> </ul>	<ul style="list-style-type: none"> <li>Size of the fund is clearly an issue in terms of liquidity, and we suspect performance</li> <li>The tilt towards large and mega cap means that many of the holdings are likely to be found in</li> </ul>

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- Access to some of the best companies in the world

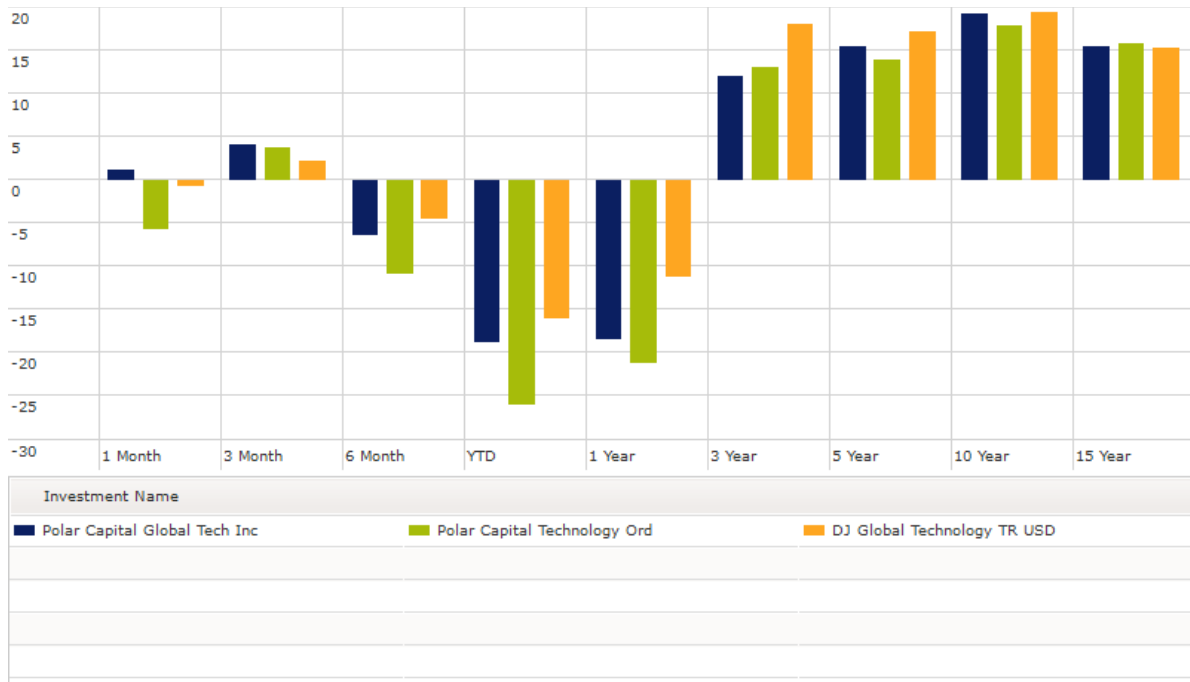
regional funds where investors have a diversified mix of assets

- Relatively expensive and recent performance would indicate investors are not being rewarded in terms of risk and return vs costs

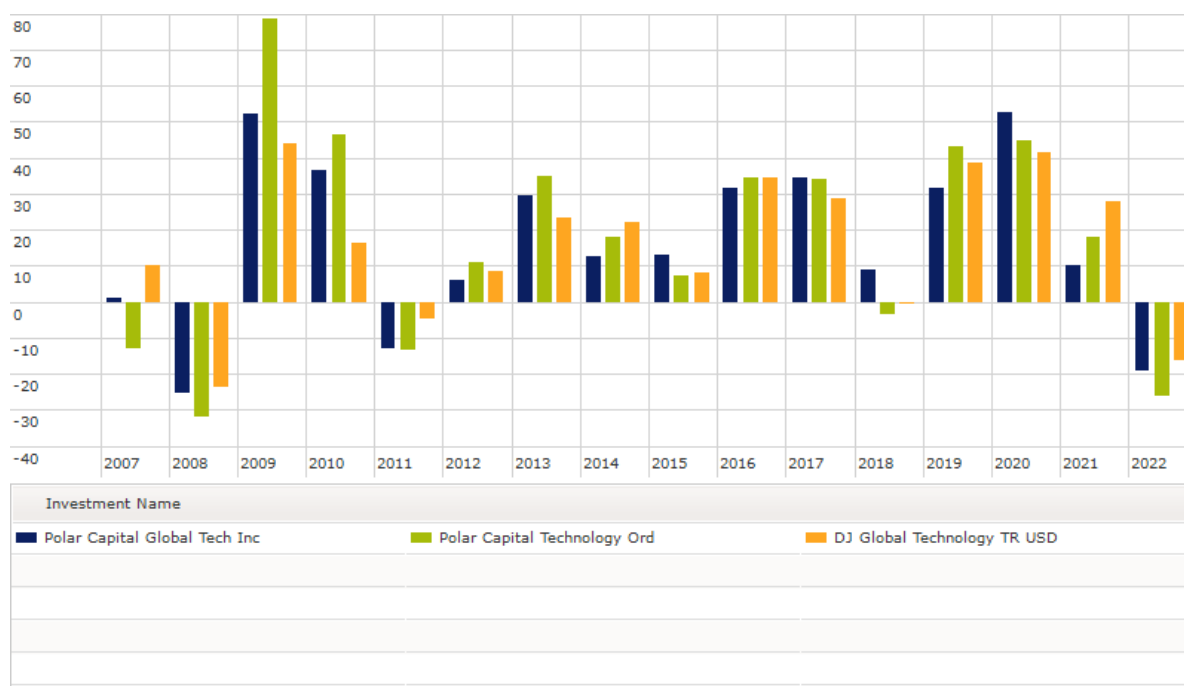
## UPDATE....

We have held the investment trust, which follows a similar investment strategy in our portfolios, for a couple of years, but we are starting to disinvest. This is one of the best technology funds / teams, however it is clear that even the very best over the long term only match the index. We also feel that at the time we made the investment it was right. However, we feel now, either you have to offer something different in the technology space (perhaps more small or mid cap), or you must focus on technology that drives solutions for the world's problems.

The charts below show performance of both the fund and trust against the index. What it shows is that investors are no longer being rewarded for holding these active strategies.



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It is also becoming clearer that many of the holdings can be found in regional strategies and so the point of difference is no longer there. This doesn't mean an investor shouldn't hold this. The counter argument is that technology is now relatively cheap and when the market turns this could be a short-term tactical trade.

In terms of performance, there is little difference between the trust and fund but the make up is different. The fund can invest in between 60 and 85 stocks, the trust between 100 and 140 stocks. The fund can have more small and mid-cap compared to the trust, and the trust tends to hold more of the index. At times like this, when the trust is trading at a discount, when the market corrects this can accelerate returns.

The team have positioned the fund cautiously although they feel they have moved too quickly. They feel all the COVID expansion has been unwound and there are significant opportunities. They have reduced holdings across ecommerce/ payments, digital entertainment, Advertising / social and reopening / hybrid work.

Some of the names they have sold include HelloFresh, PayPal, Netflix, Snap, Zoom and Uber.

Areas they have increased include Semis / SPE / Connectivity, Cloud Infrastructure, AI / Data Economy and Auto / EV / Clean Energy. Some of the new names include KLA Corp, Pure Storage, Synopsys, SolarEdge and Infineon.

The main themes the strategy is focused on include:

- Saas / Software "Eating the World" – 16.7%
- Cloud Infrastructure / Security – 15.6%
- Connectivity / 5G / IoT – 14.8%
- Online Advertising / eCommerce – 14.5%
- Mobility / EV / Renewables – 14.4%
- Data Economy / Artificial Intelligence – 14.2%

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Two areas where they see long term opportunities are within The Metaverse (Web3) and Artificial Intelligence. They expect this part of the portfolio to increase over time.

They also touched on ESG. They explained this has always been part of the process, but they haven't reported it. Going forward they will be reporting on the fund which will include company engagement. It is important to stress this is not an exclusionary fund, and although a company might be seen as "good" it doesn't necessarily mean that their products and services delivery solutions for the world we live in.

One further point to note is the fund has around \$4,762.91 billion in assets. They have soft closed the fund in the past for liquidity reasons. Although it is re-open to investors it is not actively marketed. The size of the fund is important as it provides less flexibility, and this may be another negative for the strategy.

In summary, this is clearly one of the best technology teams and for some investors this may provide comfort if they want to invest in this area. Performance has been mixed but when markets turn, so could the performance. We feel that many of the assets are already found in regional funds and therefore for a diversified portfolio perhaps this no longer offers a point of difference. For this reason, although we have been happy to hold in the past we are now looking to disinvest over the coming months.

*The source of information in this note has been provided by Polar Capital and is correct as of September 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 decide 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.*