

Polar Capital Technology Trust plc

Investing in Tech/AI

October 2023



polarcapitaltechnologytrust.co.uk

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Please refer to the Important Information at the end of this presentation.

The Polar Capital Technology Team



- **Technology is at the core of the Polar Capital business**
- One of the largest technology franchises in Europe with cUS\$9.1bn under management
- Ten dedicated technology specialists – strong multi-cycle track record

Funds

Global Technology Fund
US\$4.9bn

Polar Capital Technology Trust
(LSE)
US\$3.9bn

Artificial Intelligence Fund
US\$372m

Fund Managers

Nick Evans
Partner

Investment experience: 26 years



Ben Rogoff
Partner

Investment experience: 28 years



Xuesong Zhao
Partner

Investment experience: 16 years



Fatima Iu
Fund Manager

Investment experience: 19 years
Focus: Security and infrastructure software, connectivity and alt energy



Alastair Unwin
Deputy Fund Manager

Investment experience: 12 years
Focus: Fintech, application software and IT Services



Paul Johnson
Investment Analyst

Investment experience: 11 years
Focus: EV and small/mid cap tech



Nick Williams
Investment Analyst

Investment experience: 8 years
Focus: Industrial/healthcare AI



Patrick Stuff
Investment Analyst

Investment experience: 7 years
Focus: Small/mid cap AI



Analysts

Fred Holt
Investment Analyst

Investment experience: 2 years
Focus: Semiconductors/AI



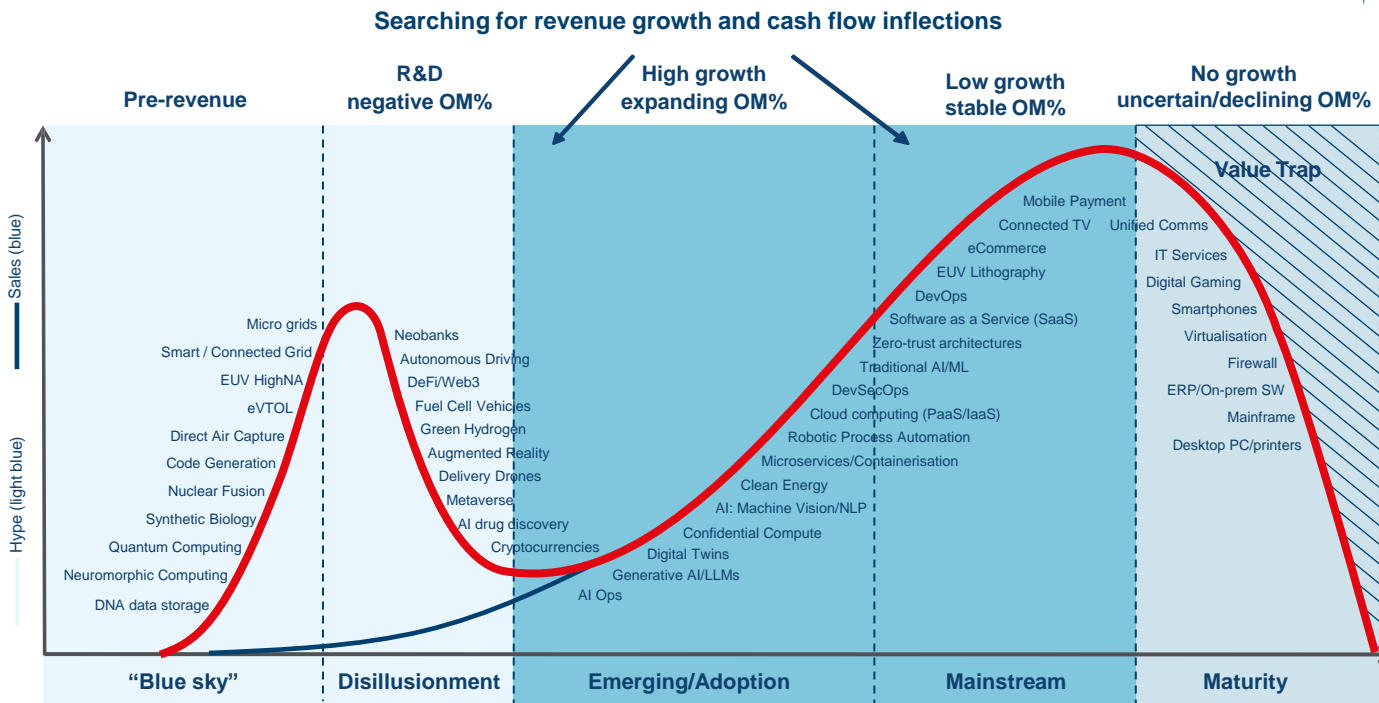
Lina Ghayor
Investment Analyst

Investment experience: 5 years
Focus: Internet, Media and AdTech



Source: Polar Capital, 29 September 2023.

Thematic Investing: Hype Vs Reality

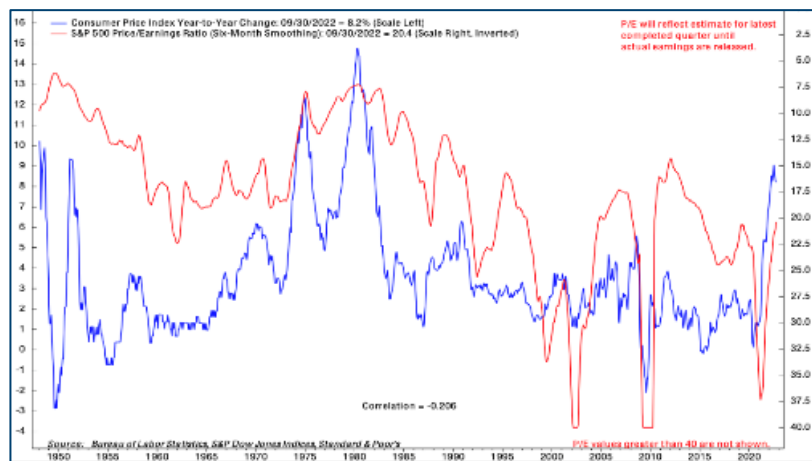


Positioning of themes/products above is only intended to be indicative of approximate penetration/maturity

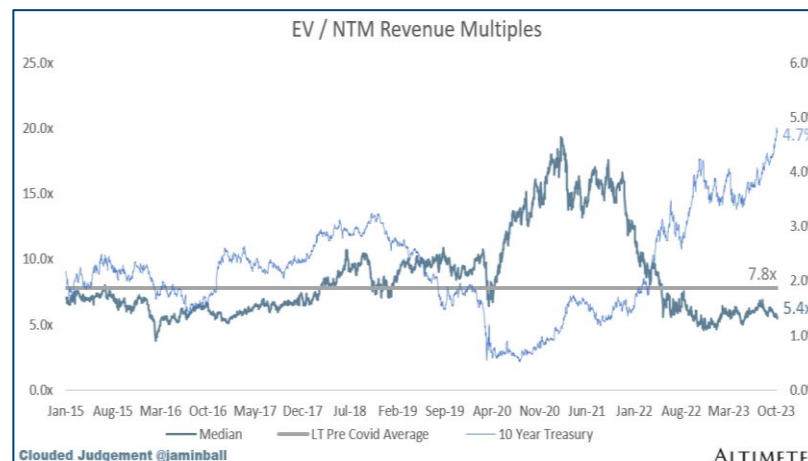
Source: Polar Capital and Gartner, September 2023. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

- **Macro environment provides a challenging investment backdrop:** Higher rates, financial and geopolitical instability, large fiscal deficits
- **Inflation past the peak but uneven path to reach central bank targets:** Global inflation forecast to decline to 6.8% in 2023 and 5.2% in 2024¹
- **Rising real rates may challenge growth asset multiples:** Central banks remain focused on defending inflation-fighting credibility

S&P 500 P/E (GAAP) inverted vs CPI y/y: 1950 – present²



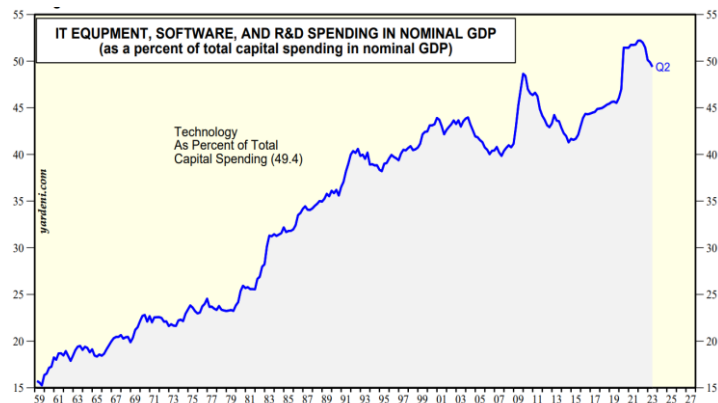
10-year UST yields vs Cloud software valuations (NTM EV/sales)³



Source 1. IMF, <https://www.imf.org/en/Publications/>, 25 July 2023. 2. Ned Davis, 31 July 2023. Copyright 2023 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/. 3. clouded Judgement, https://substackcdn.com/image/fetch/f_auto,q_auto:good,fl_progressive:steep/https%3A%2F%2Fsubstack-post-media.s3.amazonaws.com%2Fpublic%2Fimages%2F60ac3705-df20-4535-ad50-3b9fec842981_1244x630.png?utm_source=substack&utm_medium=email, 6 October 2023. Forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

- **IT spending steady:** Gartner 2023 global IT spending est. US\$4.7trn (+4.3% y/y) vs 2.7% y/y in '22¹
 - Spending led by growth in software (+14% y/y) offsetting weakness in devices (-6% y/y)¹
- **A low growth year:** S&P 500 IT sector revenue/earnings growth for 2023 est. 1.4%/1.3% vs S&P 500 est. 2.5%/0.8%²
 - **2024 rebound:** Current forecasts for 2024 expect technology revenue/earnings growth of 8.8%/15.6% vs S&P 500 est. 5.1%/12.2%²
- **A secular growth market:** IT spending continues to increase as a portion of GDP and capital spending
- **IT budgets reallocated in favour of new technologies:** AI, cloud, cybersecurity, digital transformation

IT spending now around half of capital spending in nominal GDP³

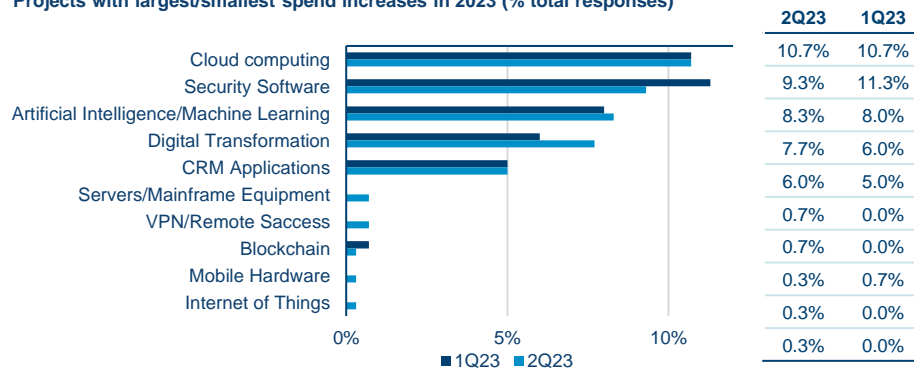


Source: Bureau of Economic Analysis.

Source: 1. Gartner, 19 July 2023. 2. FactSet, 15 August 2023. 3. AlphaWise, Morgan Stanley Research, 11 July 2023. 4. Yardeni, <https://www.yardeni.com/pub/capspendrdtech.pdf>, 28 July 2023. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

Top and bottom CIO priorities in 2023⁴

Projects with largest/smallest spend increases in 2023 (% total responses)



Artificial Intelligence

The age of AI has begun

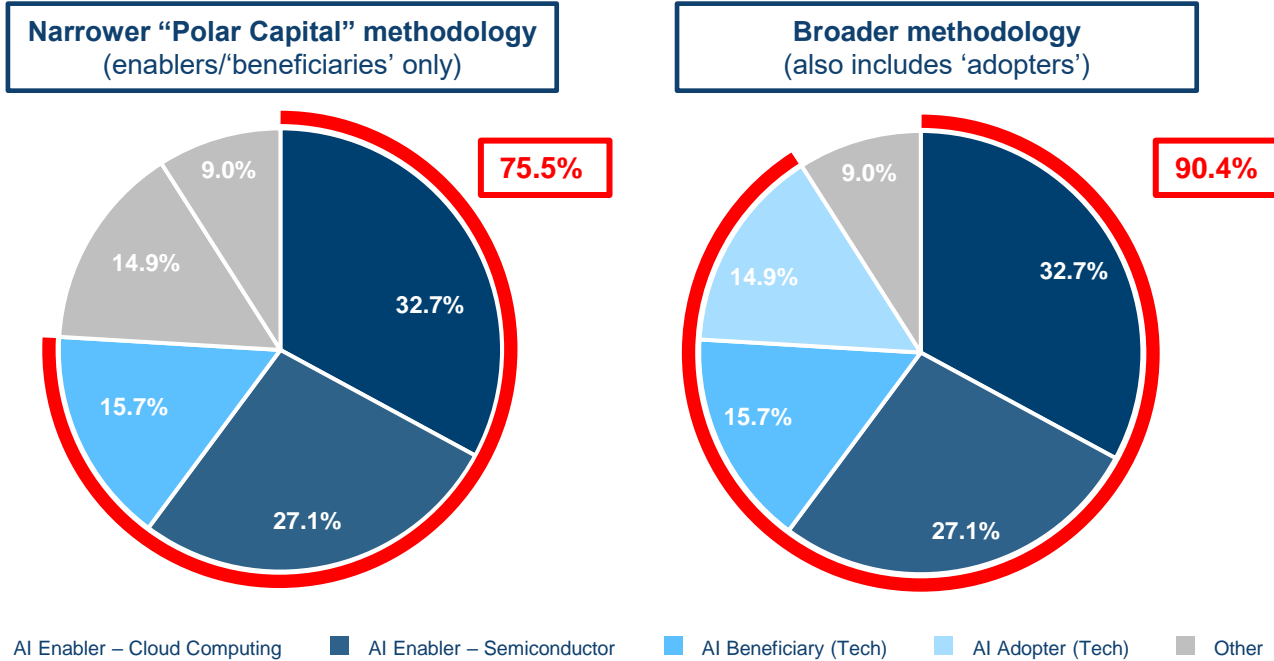
“

AI is one of the most profound things we are working on as a humanity. It is more profound than fire or electricity.”

- **Sundar Pichai,**
Alphabet CEO

AI: Fund Exposure

Indicative percentage of portfolio exposed to Artificial Intelligence (100% stock weights)



Source: Polar Capital, 29 September 2023. Note for the purposes of the above pie charts the definitions are as follows; AI beneficiary: "Where AI is part of the investment rationale/Bull case"; AI Adopter: "Only users of AI/ML". Totals may not sum due to rounding.

AI: Technology Inflection – Transformer Models

- **Early AI gains driven by deep/reinforcement learning**

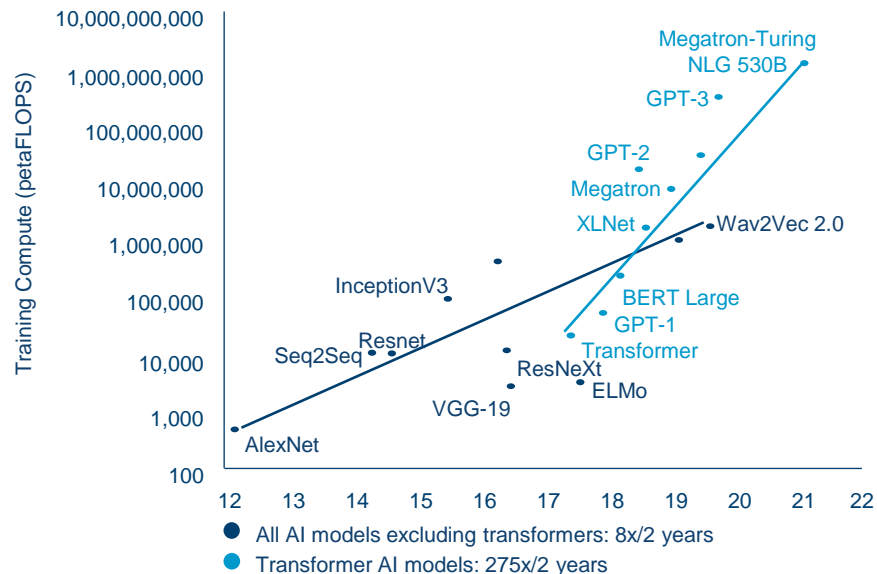
‘Superhuman’ capabilities in narrow fields:

- e.g. AlphaGo, AlphaZero, AlphaFold etc.
- e.g. Moderna: Increased production of mRNA molecules from c30 → c1000/month using AI¹

- **Recent AI breakthroughs based on transformer models**

- **Transformers are a type of neural network** primarily used for natural language processing tasks. By applying a set of mathematical techniques called *self-attention*, the model can weigh the importance of different parts of the input when making predictions and allows for massive parallel processing
- Unlike other models, transformers can handle longer documents and maintain longer conversations without context being lost. Most importantly, performance continues to improve as model complexity becomes exponentially larger

Computational requirements for training transformers²



Source: 1. MIT Sloan Management Review, <https://sloanreview.mit.edu/audio/ai-and-the-covid-19-vaccine-modernas-dave-johnson/>, 13 July 2021. 2. NVIDIA, <https://blogs.nvidia.com/blog/2022/03/25/what-is-a-transformer-model/>, 25 March 2022. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

“Produce Javascript code that creates a random image that looks like a painting of Kandinsky”¹

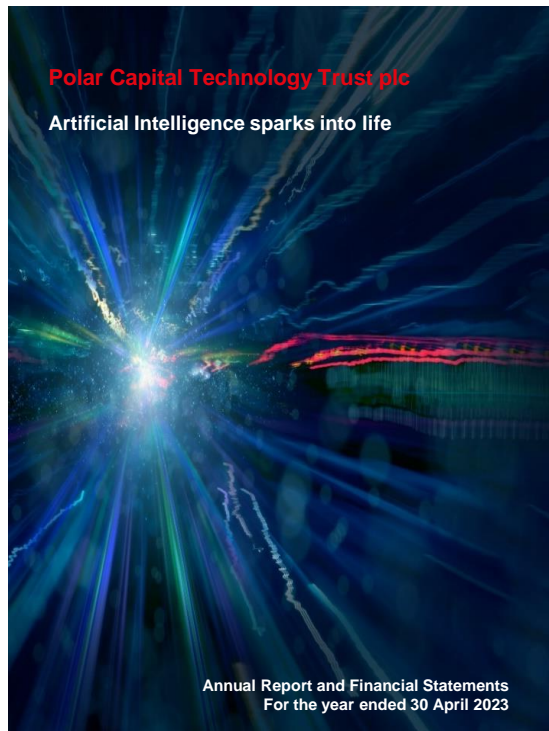


- **ChatGPT: A large language model (LLM) developed by OpenAI**
 - Showed **emergent properties** around natural language understanding and generation
 - Can process image inputs as well as text, making it **multimodal**
 - **Performance improved as parameter count scaled exponentially** from GPT-3 (1.5bn) to GPT-3.5 (175bn) to GPT-4 (1.76trn)¹

Non-linear change in performance²

| | GPT-3.5 | GPT-4-8K | GPT-4.32K |
|---|---------|-----------------|-----------------|
| Maximum context length for requests | 4,096 | 8,192 | 32,768 |
| Number of English words | -3,000 | -6,000 | -24,000 |
| Number of single-spaced pages of English text | 6 | 12 | 50 |
| Input types | Text | Text and images | Text and images |

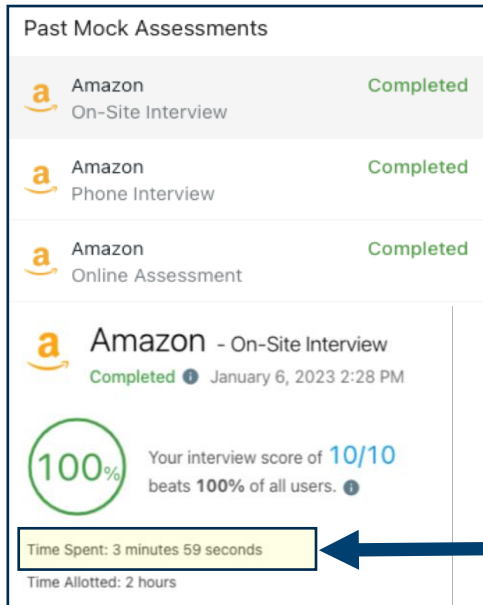
Source: 1. Microsoft GPT-4 Research Paper, <https://arxiv.org/pdf/2303.12712.pdf>, 13 April 2023. 2. Medium, <https://medium.com/@mlubbad/the-ultimate-guide-to-gpt-4-parameters-everything-you-need-to-know-about-nlps-game-changer-109b8767855a>, 19 March 2023. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.






“A question that might be lingering...**is whether GPT-4 truly understands all these concepts, or whether it just became much better than previous models at improvising on the fly, without any real or deep understanding.** We hope that after reading this paper the question should almost flip, and that one might be left wondering **how much more there is to true understanding than on-the-fly improvisation.** Can one reasonably say that a system that passes exams for software engineering candidates is not really intelligent?”



Source: Microsoft GPT-4 Research Paper, <https://arxiv.org/pdf/2303.12712.pdf>, 13 April 2023. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.



GPT-4 passes technical interviews on LeetCode




Past Mock Assessments

| | |
|---|-----------|
|  Amazon | Completed |
| On-Site Interview | |
|  Amazon | Completed |
| Phone Interview | |
|  Amazon | Completed |
| Online Assessment | |

 Amazon - On-Site Interview
Completed  January 6, 2023 2:28 PM

 Your interview score of **10/10**
beats **100%** of all users. 

Time Spent: 3 minutes 59 seconds 

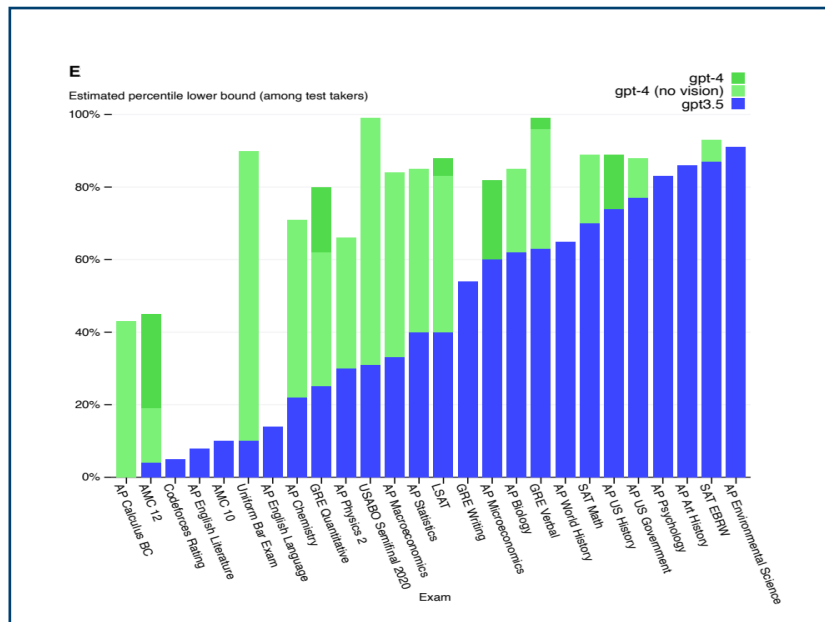
Time Allotted: 2 hours

“A question that might be lingering...is whether **GPT-4 truly understands all these concepts, or whether it just became much better than previous models at improvising on the fly, without any real or deep understanding.** We hope that after reading this paper the question should almost flip, and that one might be left wondering **how much more there is to true understanding than on-the-fly improvisation.** Can one reasonably say that a system that passes exams for software engineering candidates is not really intelligent?”

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Source: Microsoft GPT-4 Research Paper, <https://arxiv.org/pdf/2303.12712.pdf>, 13 April 2023. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

GPT-4 outperforms GPT-3.5 across multiple exams

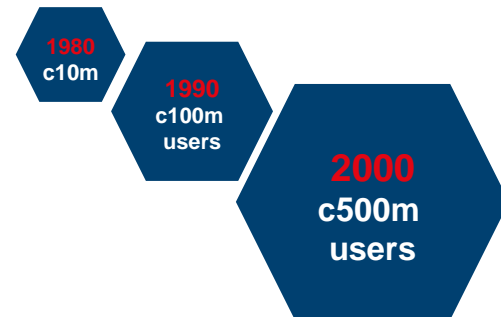
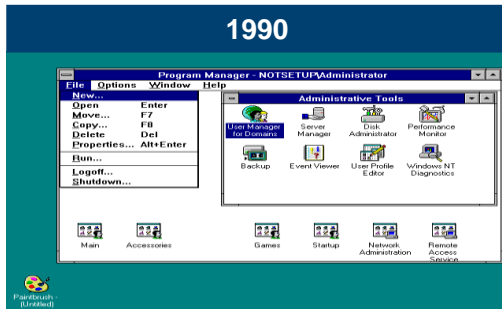
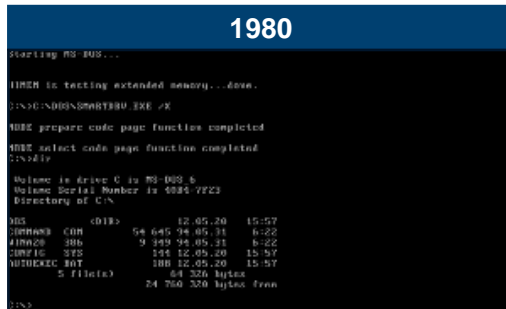


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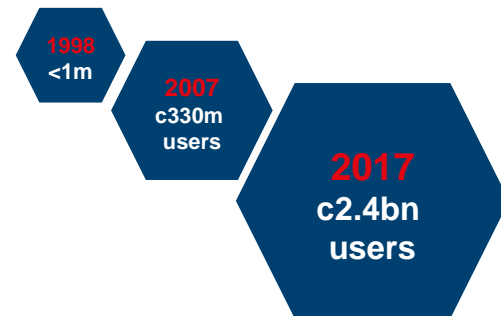
Source: Microsoft GPT-4 Research Paper, <https://arxiv.org/pdf/2303.12712.pdf>, 13 April 2023. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

AI: A New Interface For Humans To Interact With Computers

PC: Text → Graphical User Interface¹

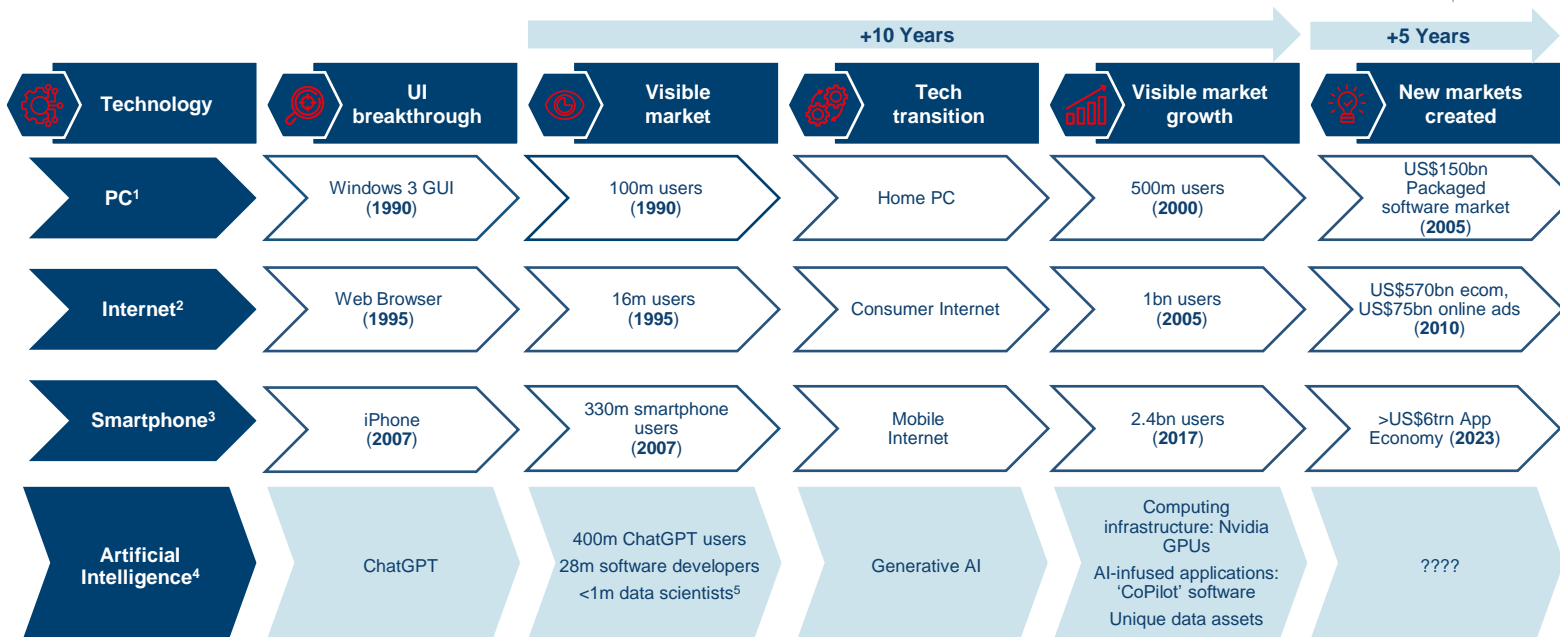


Smartphone: Keyboard → Touch²



Source: Google images, 18 August 2023. 1. Areppim, https://stats.areppim.com/stats/stats_pcxfst.htm, 2023. 2. Gartner, 18 August 2023 and eMarketer, 2017. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

AI: Technology Transitions Drive Huge New Markets



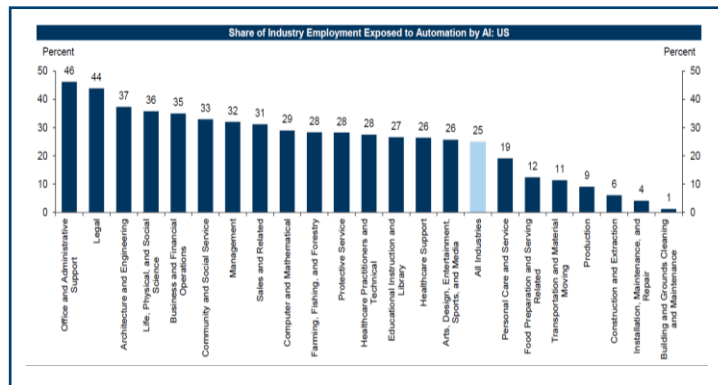
Source: 1. Datahub, <https://datahub.itu.int/>, 2023. 2. Internet World Stats, <https://www.internetworldstats.com/emarketing.htm>, August 2023. 3. 42 Matters, <https://42matters.com/blog/?p=the-state-of-the-app-economy-and-app-market>, 30 September 2022. 4. Statista, <https://www.statista.com/statistics/627312/worldwide-developer-population/>, August 2023. 5. US Bureau of Labor Statistics, <https://www.bls.gov/oes/current/oes152051.htm>, May 2022. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so. Forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

AI: Sizing The Opportunity

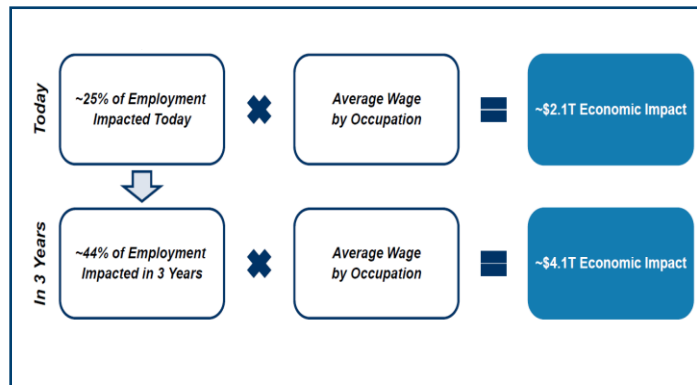


- 25% of current tasks could be exposed to automation by AI¹
- Generative AI could put 300m jobs at risk of automation and add 1.5% to annual productivity growth and 7% to global GDP (cUS\$7trn)¹
- 60% of workers are employed in occupations that did not exist in 1940: 85% of employment growth may be technology driven¹
- Large corporate AI investments: AI adoption increases annual worker productivity growth by 2-3pp within firms¹
- Gartner expects >30% of new drugs and materials to be systematically discovered using generative AI from 0% today²

One quarter of current tasks could be automated by AI²



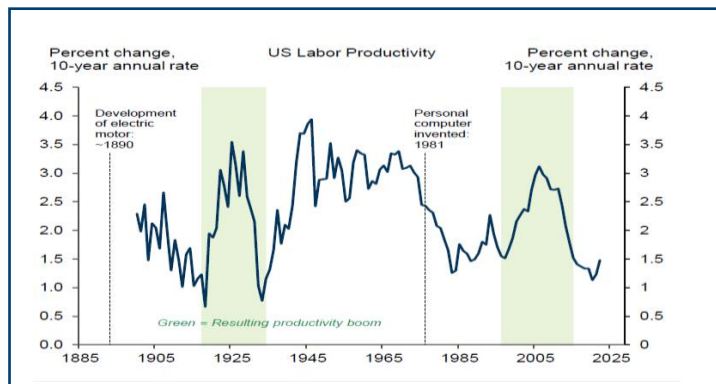
Estimated economic impact from AI³



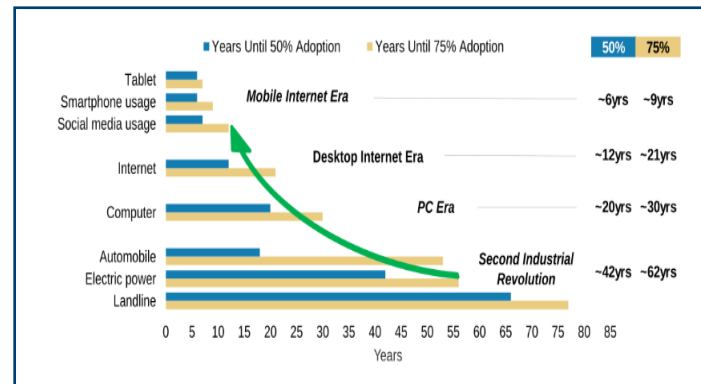
Source: 1. Goldman Sachs, 26 March 2023. 2. State of AI 2022, <https://www.stateof.ai/2022-report-launch>, 11 October 2022. 3. Morgan Stanley Research, October 2023. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation.

- **50% workplace adoption of new technology historically drives an inflection in labour productivity**¹
 - Electric motors and PCs took about 20 years from development to reach 50% penetration
 - Internet took 12 years... Smartphones took 6 years ...
 - BUT generative AI could be quicker
- **No upfront cost:** Generative AI requires zero spend on behalf of the user for early adoption (in contrast with electricity/internet/PC etc.)
- **Mass distribution:** Smartphone + internet puts generative AI technology in hands of 6bn+ people worldwide
- **ChatGPT reached 100m users in two months** by the end of Jan 2023²

US labour productivity growth inflection has happened with a lag³



US household adoption of new technology (years to 50%/75%)²



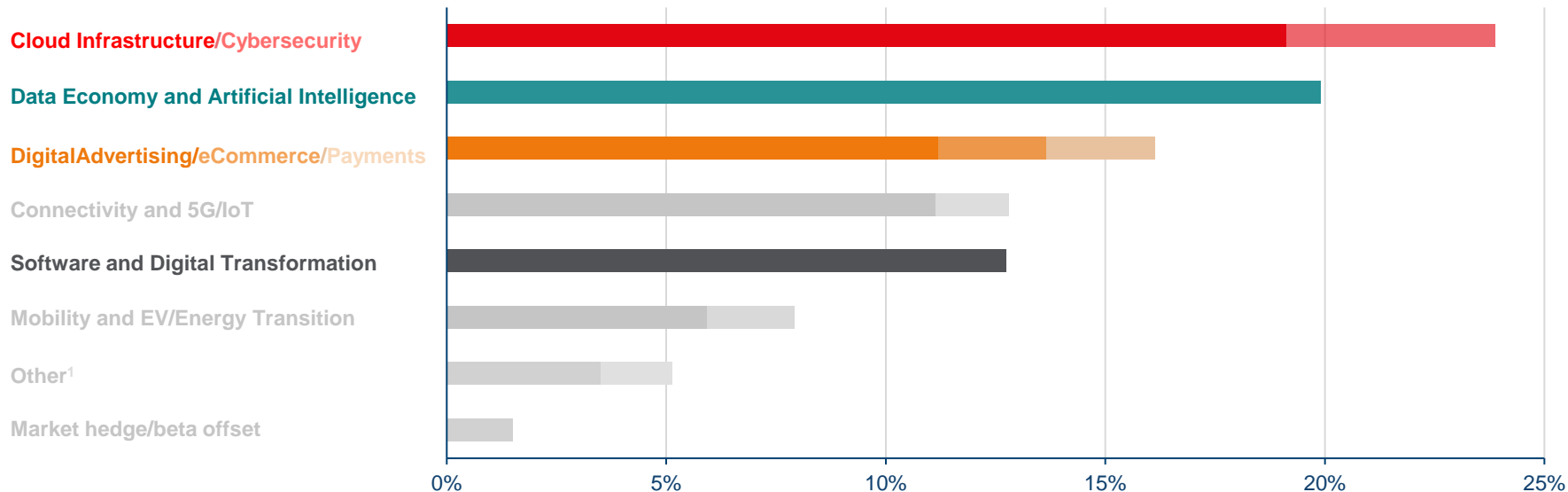
Source: 1. Goldman Sachs Global Investment Research, 26 March 2023. 2. Morgan Stanley, 2 March 2023 3. Reuters, 2 February 2023. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation.



Themes

Core Thematic Exposure

Core thematic exposure

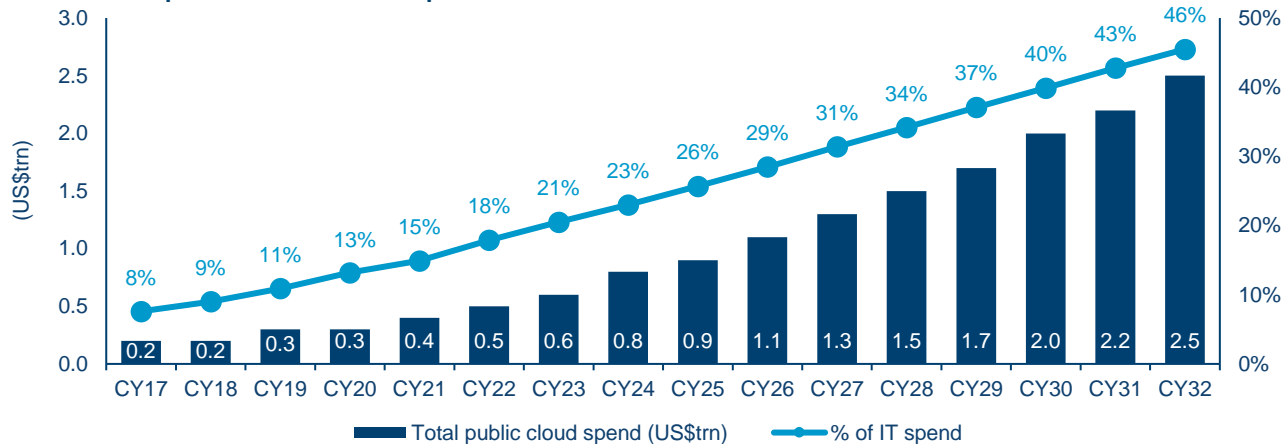


Source: Polar Capital, 29 September 2023. 1. 'Other' theme includes Growth, Cyclical and Value/Digital Entertainment. Thematic classification is undertaken by the team and is influenced by qualitative as well as quantitative factors, including rationale for ownership. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital.

Cloud Infrastructure/Cybersecurity

- Strong Covid demand has given way to cloud spend optimisation: **>US\$180bn public cloud revenue run-rate has slowed from c40% y/y to c20% y/y growth** but appears to be stabilising¹
- **Only c29% of workloads running in cloud today:** expected to be c45% by 2025²
- **c2%** of public cloud spend dedicated to security in 2022, trending higher as 45% of breaches were cloud-based³

Public cloud spend forecast % of IT spend⁴



- **AI impacts:**
 - Increased demand from **AI training** and inference taking place in the cloud
 - AI applications drive **greater demand for other cloud services** (e.g. compute/storage)
 - Greater software development velocity could drive **incremental cloud infrastructure** demand (e.g. databases, data lakes)
- AI could **render existing cyber tools obsolete:**
 - Increased **velocity and sophistication** of attacks
 - **Phishing and impersonation-based breaches** an order of magnitude more advanced

Sample holdings

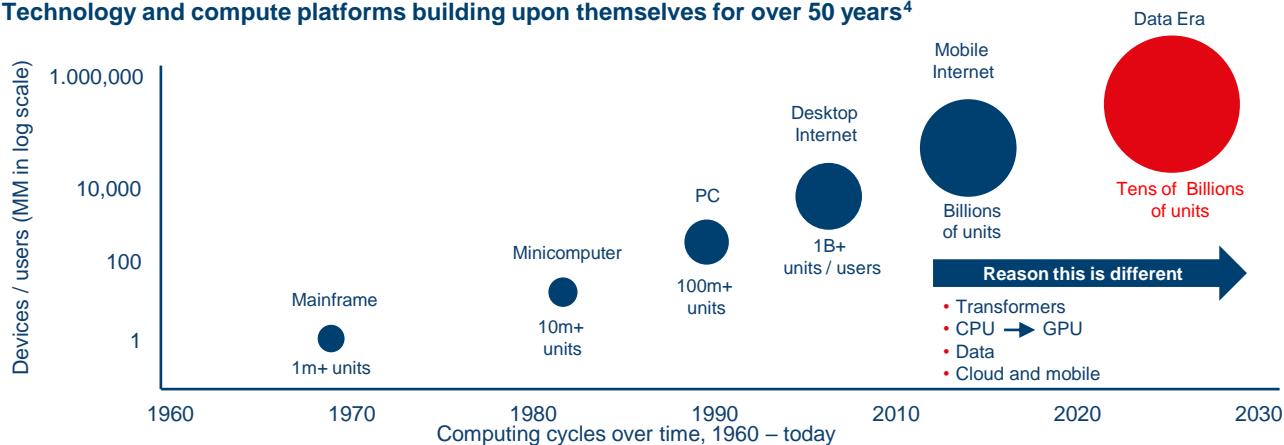


Source: Polar Capital unless otherwise stated. 1. Barclays 2Q23 Cloud Update, 4 August 2023. 2. Morgan Stanley 2Q23 CIO Survey, 16 March 2023. 3. IDC 2023 Security Outlook. IBM Cost of a Data Breach Report 2022. 4. Morgan Stanley Public Cloud, 11 July 2023. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation.

Data Economy And Artificial Intelligence

- **Exponential growth in data/compute:** Machine learning (ML) compute doubles every 3.4 months¹. Datasphere doubles every 3 years²
- **>1/3 of organisations already using generative AI regularly in at least one business function:** 3/4 expect it to drive significant or disruptive change in next 3 years²
- **AI expected to have a meaningful economic impact 2025-30³**

Technology and compute platforms building upon themselves for over 50 years⁴



- **AI impacts:**
 - Requires a **new high-performance computing stack** built for accelerated computing and generative AI
 - Increases the value of **proprietary** data sets as relevant data improves AI model performance
 - AI could spur greater velocity of **machine-to-machine communication**
 - Potential for **faster productivity-led GDP growth** and corporate earnings growth

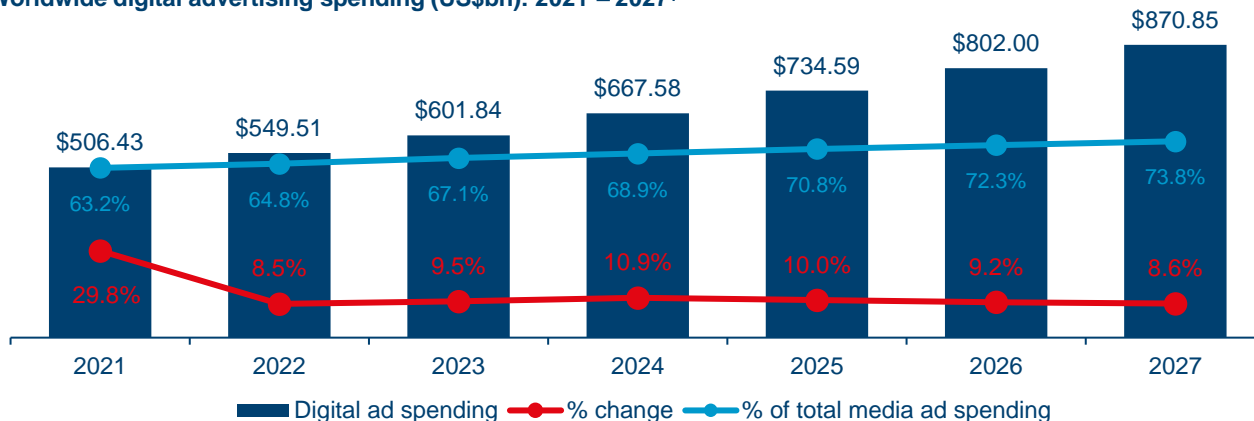
Sample holdings

Source: 1. Open AI, 2018. 2. McKinsey, State of AI in 2023, 1 August 2023. 3. Goldman Sachs, Equity Views, 21 August 2023. 4. Morgan Stanley Research, April 2018. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

Digital Advertising

- **Digital advertising:** US\$602bn '23E +8.5% y/y, c67% of total worldwide ad spend, entering a more mature (cyclical) phase¹
- **New markets growing** in CTV (US\$20bn 2023E market) and retail media (US\$45bn)²
- **Advertising headwinds abating:** Apple Identifier for Advertisers (IDFA) and TikTok headwinds past peak, short-form video monetization improving (Reels, YouTube Shorts)

Worldwide digital advertising spending (US\$bn): 2021 – 2027¹



- **AI impacts:**
 - AI-generated **digital ad creative**, copy and campaigns lowers barriers/time to advertising
 - More sophisticated targeting as generative AI understands customer **intent and preferences**
 - Risk of **disruption to Google's dominant** position in search advertising?
 - Size and quality of both **datasets and data infrastructure** drives advertising performance – will smaller platforms be able to keep up?

Sample holdings

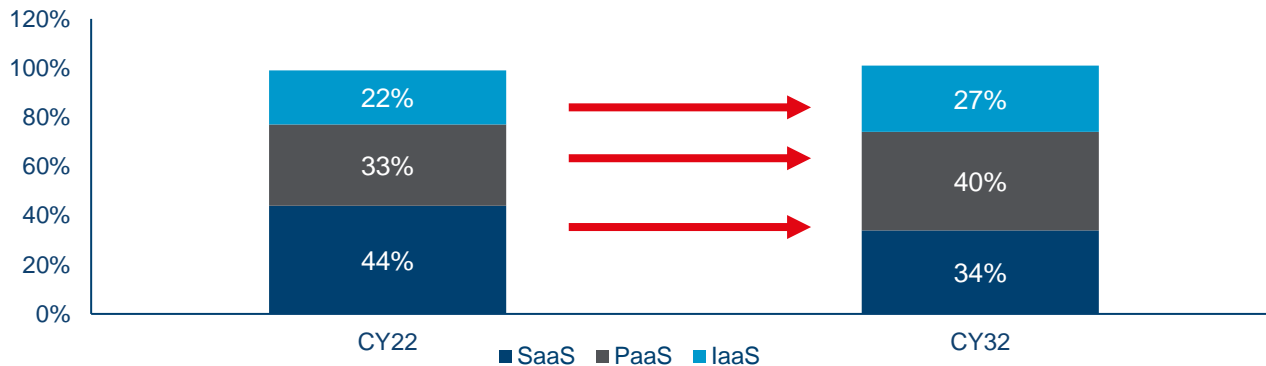


Source: 1. eMarketer, April 2023. 2. Morgan Stanley, <https://www.insiderintelligence.com/content/retail-media-ad-spend-will-more-than-double-by-2027>, 23 July 2023. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

Software/Digital Transformation

- **Digital transformation was a US\$595bn market in 2022** and projected to grow at a 21% CAGR to 2027 to >US\$1.5trn. Software continues to grow as a share of GDP¹
- **Software sector EV/NTM sales multiple compressed by -63% during 2022** as higher rates/risk off environment weighed on the sector²
- **Software companies have cut costs and delivered higher operating margins as growth slows** (reflecting investor demands and activist involvement)
- Mix of digital transformation spend likely to move away from SaaS in favour of PaaS/laaS³

Mix of SaaS, PaaS and laaS – 2032 vs 2022



- **AI impacts:**
 - Premium **AI-powered SKUs** (e.g. Copilots) represent a material revenue opportunity
 - **More software developers** as they become more productive using AI tools **or fewer developers** as most code is generated by AI?
 - Software incumbents harbour vast **1P data** assets, allow **trusted/compliant** adoption of AI in the enterprise
 - Will a **natural language interface** disrupt existing application software 'point-and-click' paradigm?

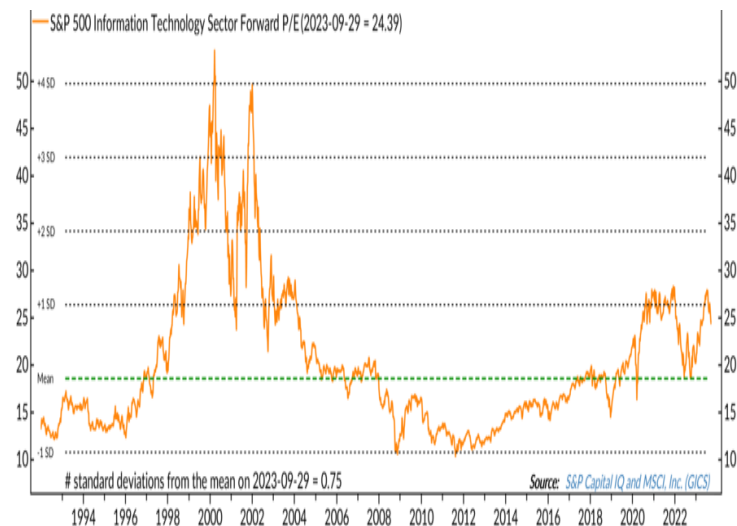
Sample holdings



Source: 1. <https://www.marketsandmarkets.com/Market-Reports/digital-transformation-market-43010479.html>. 2. Jefferies: 2023 Software Outlook, 5 January 2023. 3. Morgan Stanley Public Cloud, 16 March 2023. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change, without notice, and do not necessarily represent the views of Polar Capital. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

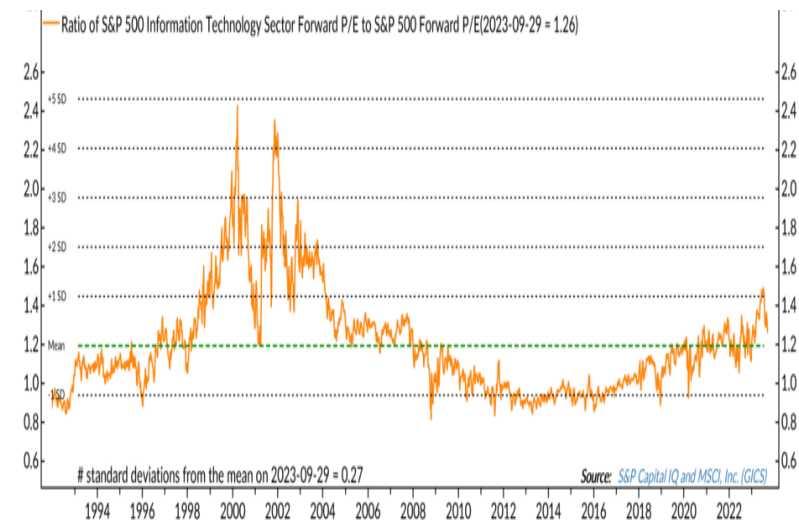
Absolute sector valuation (P/E):

At post GFC highs (1992 – present)



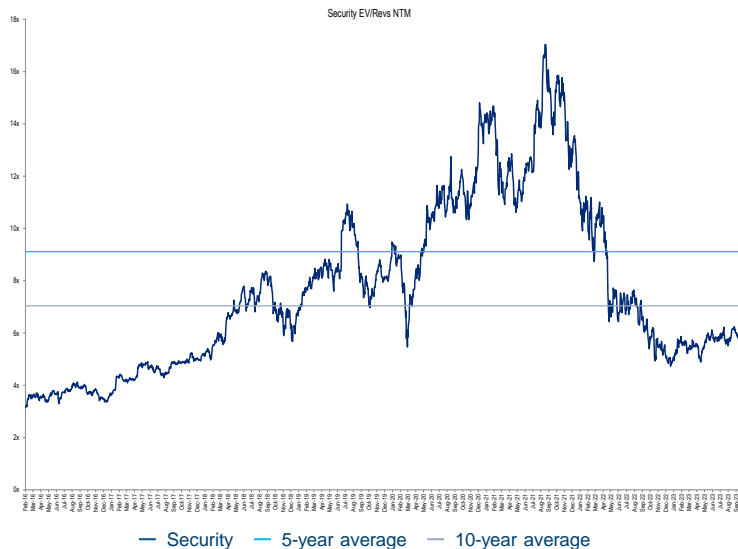
Relative sector valuation (P/E):

At/around market level – with superior balance sheet

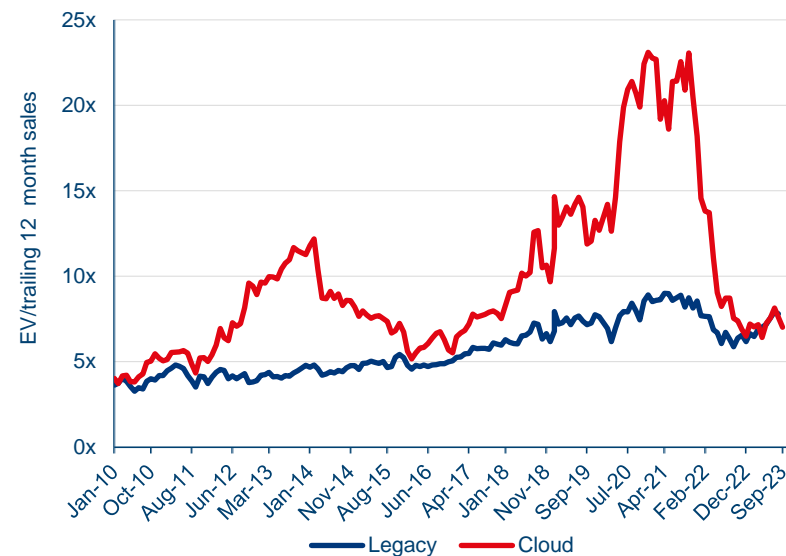


Source: Ned Davis, 29 September 2023. Copyright 2018 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

IT security valuation: EV/forward 12-month revenue multiples¹

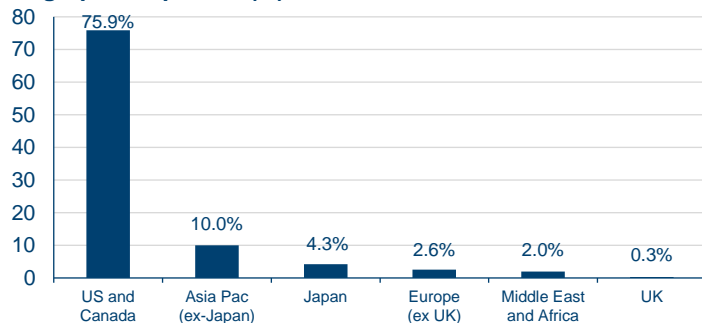


Cloud vs legacy valuation: EV/trailing 12-month revenue multiples²

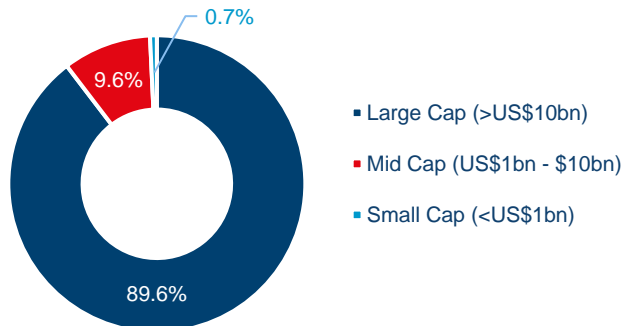


Source: 1. Citi Research, FactSet, September 2023. 2. Keybank, September 2023. Includes the following tickers: APPF, AVLR, AYY, BAND, BILL, BL, BNFT, BOX, COUP, CRWD, DDOG, DOCU, ESTC, EVBG, FIVN, FSLY, GDDY, GWRE, MDB, MDLA, MIME, NET, OKTA, PAYC, PCTY, PING, PLAN, QTWO, RNG, RPD, SAIL, SHOP, SMAR, SPT, SQ, SVMK, TDOC, TWLO, VEEV, VG, WIX, ZM, ZS. Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved makes any express or implied warranties or representations.

Geographic exposure (%)



Market exposure (%)



Past performance is not indicative or a guarantee of future returns.

Source: Polar Capital, 29 September 2023. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. Totals may not sum due to rounding.

Top 15 positions

| | |
|---------------------------|-------|
| Microsoft | 10.7% |
| Apple | 8.0% |
| Alphabet | 7.8% |
| NVIDIA | 7.7% |
| Meta Platforms (Facebook) | 4.2% |
| Advanced Micro Devices | 3.2% |
| Samsung Electronics | 2.8% |
| TSMC | 2.1% |
| Amazon | 2.1% |
| CrowdStrike Holdings | 1.7% |
| ServiceNow | 1.6% |
| Disco | 1.4% |
| Arista Networks | 1.4% |
| Palo Alto Networks | 1.4% |
| Pure Storage | 1.4% |

Sector exposure

| | |
|--|-------|
| Software | 26.6% |
| Semiconductors and Semiconductor Equipment | 24.9% |
| Interactive Media and Services | 14.3% |
| Technology Hardware, Storage and Peripherals | 12.2% |
| IT Services | 3.9% |
| Electronic Equipment, Instruments and Components | 2.4% |
| Broadline Retail | 2.1% |
| Communications Equipment | 1.4% |
| Financial Services | 1.3% |
| Automobiles | 1.3% |
| Other | 4.7% |
| Cash | 4.9% |

Total number of holdings

90

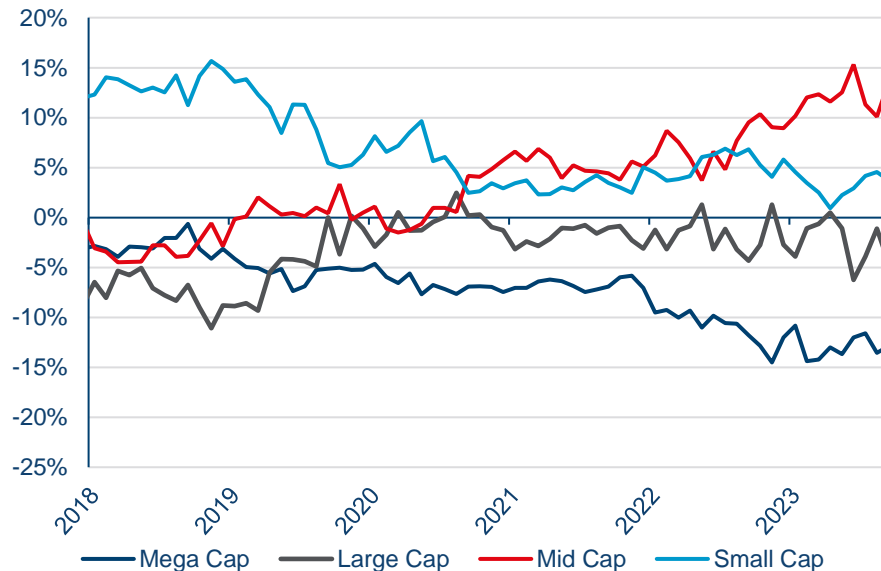
Largest overweights

Advanced Micro Devices
 Amazon
 Arista Networks
 CrowdStrike Holdings
 CyberArk Software
 Disco
 Fabrinet
 HubSpot
 KLA Tencor
 MongoDB
 Monolithic Power Systems
 NVIDIA
 Palo Alto Networks
 Pure Storage
 Samsung Electronics
 ServiceNow
 Snowflake
 Tesla
 Uber Technologies
 Unimicron Technology Corp

Largest underweights

Adobe Systems
 Alphabet
Analog Devices
 Apple
Applied Materials
Broadcom
Cadence Design Systems
Cisco Systems
IBM
Infosys
Intel
LAM Research
Micron Technology
 Microsoft
Oracle
 Salesforce.com
SAP
 Tencent
Texas Instruments
 TSMC

PCT relative market cap exposures vs benchmark¹



Past performance is not indicative or a guarantee of future returns.

Source: Polar Capital, 29 September 2023. **Bold denotes a zero position.** 1. The dynamic market cap bands are defined as follows: mega caps represent the top 40% of the benchmark capitalisation, large caps the next 30%, mid caps the next 20% and small caps the last 10%, any micro caps exposure has been included in small caps. Benchmark refers to the Dow Jones Global Technology Index. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Portfolio Structure – Active Positions And Valuation



A diversified portfolio, capturing secular growth potential of key themes

| | Fund | Index | Active |
|---------------------------|---------------|---------------|---------------|
| Amazon | 2.12% | - | 2.12% |
| Advanced Micro Devices | 3.18% | 1.07% | 2.11% |
| CrowdStrike Holdings | 1.69% | 0.24% | 1.45% |
| Disco | 1.44% | 0.11% | 1.34% |
| Pure Storage | 1.37% | 0.07% | 1.30% |
| Tesla | 1.29% | - | 1.29% |
| HubSpot | 1.34% | 0.16% | 1.18% |
| Arista Networks | 1.44% | 0.30% | 1.14% |
| Samsung Electronics | 2.83% | 1.88% | 0.95% |
| Palo Alto Networks | 1.39% | 0.46% | 0.93% |
| Top 10 Overweights | 18.08% | 4.28% | 13.80% |
| Top 20 Overweights | 34.78% | 12.98% | 21.80% |

| | Fund | Index | Active |
|----------------------------|---------------|---------------|----------------|
| Apple | 7.96% | 16.16% | -8.20% |
| Microsoft | 9.87% | 15.07% | -5.19% |
| Broadcom | - | 2.20% | -2.20% |
| Alphabet | 7.76% | 9.26% | -1.50% |
| Cisco Systems | - | 1.41% | -1.41% |
| Oracle | - | 1.07% | -1.07% |
| Intel | - | 0.96% | -0.96% |
| Texas Instruments | - | 0.93% | -0.93% |
| SAP | - | 0.85% | -0.85% |
| IBM | - | 0.82% | -0.82% |
| Top 10 Underweights | 25.59% | 48.72% | -23.13% |
| Top 20 Underweights | 30.15% | 58.71% | -28.56% |

| Valuation Snapshot (4 October 2023) ¹ | Technology Trust ¹ | Index Top 100 ¹ | Difference | |
|--|-------------------------------|----------------------------|-------------|--------------|
| P/E (Median) | CY (2023) | 32.2 | 24.0 | 34.2% |
| | NY (2024) | 27.1 | 20.7 | 30.9% |
| Earnings growth (Median) | CY | 20.4 | 8.8 | 131.8% |
| | NY | 19.6 | 12.9 | 51.9% |
| EV/Sales (Weighted) | CY | 9.2 | 8.3 | 10.8% |
| | NY | 7.6 | 7.0 | 8.6% |
| Sales Growth (Weighted) | CY | 15.3 | 10.4 | 47.1% |
| | NY | 18.2 | 14.3 | 27.3% |
| Gross Margin (Weighted)** | | 58.6 | 57.6 | |
| Net Cash as % mkt cap | Weighted** | 5.6 | 1.2 | |
| Market Cap (US\$m) | Median | 21,509 | 43,623 | |
| | Weighted** | 840,131 | 1,233,290 | |

Source: Polar Capital, 29 September 2023. Index refers to the Dow Jones Global Technology Index. **1.** Polar Capital. Internal estimates for indicative purposes only and should not be relied upon. **Date:** As at 4 October 2023. References to future returns are not promises or estimates of actual returns Polar Capital may achieve. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that have not and may not take place. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Totals may not sum due to rounding. **** weights take into account delta adjusted option exposure.**



Appendix

Technology Investment Vehicles



| Target (current) | Polar Capital Global Technology Fund | Polar Capital Technology Trust | Dow Jones Global Tech Net TR Index |
|--------------------------------------|--------------------------------------|--------------------------------|------------------------------------|
| Number of stocks | 60-85 (59) | 100-140 (90) | 1034 |
| Market-cap (mega/large %) | 30-65% (12.5/39.9*) | 50-70% (18.3/38.0*) | 70% (40/30) (31.2/42.5*) |
| Market-cap (mid/small %) | 35-70% (37.4/10.1*) | 30-50% (33.6/10.1*) | 30% (20/10) (20.0/6.2*) |
| Top 10 holdings (absolute weight) | 49.4% | 50.3% | 61.4% |
| Index coverage | 25-60% (45.70%) | 40-65% (53.91%) | 100% |
| Cash/gearing | 0-10% | +/- 10% | 0% |

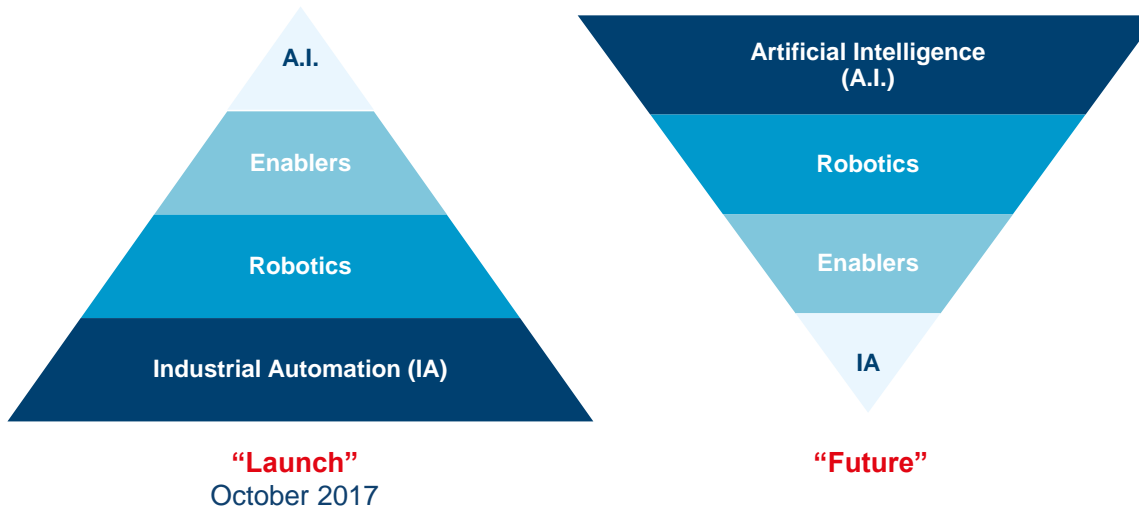
Source: Polar Capital, 29 September 2023. The table shows target exposure ranges; these are not limits/restrictions and therefore may be exceeded at times. *The dynamic market cap bands are defined as follows: mega caps represent the top 40% of the benchmark capitalisation, large caps the next 30%, mid caps the next 20% and small caps the last 10%. This allows a natural progression of market cap data over time, to ensure they remain relevant. The figures in the brackets represent the percentage weighting in the fund of the respective market cap level.

AI: 5 Years In The Making – Our Original Vision – AI Fund

At the launch of our Automation and AI Fund we said...

- Long term opportunity to automate “rote” knowledge work could be worth US\$5-7tn¹
- Massive market opportunities. AI US\$734bn (2027)² and Industrial Automation US\$438 (2027)³

We believe AI has now reached the inflection point we anticipated at launch



Source: 1. <Disruptive technologies: Advances that will transform life, business, and the global economy> May 2013; 2. Grand View Research, July 2020; 3. [Transparency Market Research](#), Feb 2020. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

Team Biographies

Ben Rogoff

Partner



- BA (Hons) Modern History, University of Oxford
- 28 years' experience
- CMI, Aberdeen Fund managers

Alastair Unwin

Deputy Fund Manager



- BA (Hons) History, University of Cambridge
- CFA charterholder
- 12 years' experience
- Arbrook Investors, Herald Investment Management, Neptune Investment Management

Nick Evans

Partner



- Economics and Business Economics, Hull University
- CFA charterholder
- 26 years' experience
- AXA Framlington, Hill Samuel Asset Management

Xuesong Zhao

Fund Manager



- BA (Hons) Economics, Peking University
- CFA charterholder
- 16 years' experience
- Aviva Investors, Pictet Asset Management

Fatima Iu

Fund Manager



- MSc Medicinal Chemistry, Imperial College of Science and Technology
- CFA charterholder
- 19 years' experience
- Citigroup Asset Management

Team Biographies

Paul Johnson

Investment Analyst



- BA in History and Politics, Keele University
- MA in History, Keele University
- CFA Charterholder
- 11 years' experience

Nick Williams

Investment Analyst



- Mchem in Chemistry, University of Oxford
- CFA level 1
- 8 years' experience
- Neptune Investment Management

Patrick Stuff

Investment Analyst



- BSc in Economics, University of Warwick
- CFA Charterholder
- 7 years' experience

Fred Holt

Investment Analyst



- BSc in Geography, University of Bristol
- MSc in Petroleum Geoscience, Imperial College London
- CFA level 1 and 2
- 2 years' experience

Lina Ghayor

Investment Analyst



- MSc in Management – Finance and Law, ESSEC Business School
- 5 years' experience
- Exane BNP Paribas



Questions?

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