



EUR Class I Dist Hdg | ISIN: IE00BZ4D7085

NAV per Share

EUR Class I Dist Hged €45.12

Fund Details

Fund Size	€8,866.1 m
Base Currency	USD
Denominations	USD/GBP/EUR
Fund Structure	UCITS
Domicile	Ireland
Launch Date	19 October 2001
Investment Manager	Polar Capital LLP
SFDR Classification ¹	Article 8

Fund Managers

Nick Evans

Partner

Nick has worked on the fund since he joined Polar Capital in 2007 and has 28 years of industry experience.


Ben Rogoff

Partner

Ben has worked on the fund since he joined Polar Capital in 2003 and has 30 years of industry experience.


Xuesong Zhao

Partner

Xuesong has worked on the fund since he joined Polar Capital in 2012 and has 19 years of industry experience.


Fatima Iu

Partner

Fatima has worked on the fund since she joined Polar Capital in 2006 and has 21 years of industry experience.

Fund Ratings


Ratings are not a recommendation. Please see below for further information.

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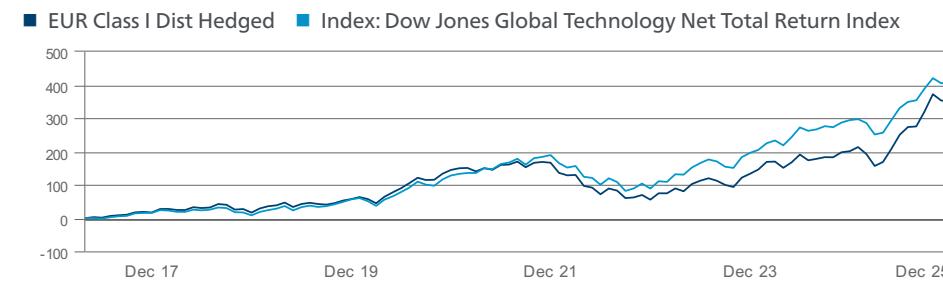
Fund Profile
Investment Objective

The objective of the Fund is to achieve long term capital appreciation by way of investing in a globally diversified portfolio of technology companies.

Key Facts

- Team of 11 sector specialists
- The team has 150+ years of combined industry experience
- Typically 60-85 positions
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

Fund Awards

Share Class Performance
Performance Since Launch (%)


	Since Launch							
	1m	3m	YTD	1yr	3yrs	5yrs	Cum.	Ann.
EUR Class I Dist Hdg	-0.40	7.35	49.90	49.90	190.35	84.46	351.20	19.08
Index	0.53	3.83	28.71	28.71	168.90	122.63	420.99	21.08

Discrete Annual Performance (%)

12 months to	31.12.25	31.12.24	29.12.23	30.12.22	30.12.21
EUR Class I Dist Hdg	49.90	29.02	50.13	-41.64	8.87
Index	28.71	33.26	56.78	-34.75	26.89

Calendar Year Performance (%)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EUR Class I Dist Hdg	49.90	29.02	50.13	-41.64	8.87	55.60	34.82	-0.34	-	-
Index	28.71	33.26	56.78	-34.75	26.89	45.91	44.18	-6.28	-	-

Performance relates to past returns and is not a reliable indicator of future returns.

Performance for the EUR Class I Dist Hged. The class launched on 17 May 2017. Performance data is shown in EUR with income (dividends) reinvested. Source: Northern Trust International Fund Administration Services (Ireland) Ltd. Benchmark performance shown in USD. Source: Bloomberg. If this is not your local currency, exchange rate fluctuations may cause performance to increase or decrease when converted into your local currency. Performance data takes account of fees paid by the Fund but does not take account of any commissions or costs you may pay to third parties when subscribing for or redeeming shares or any taxes or securities account charges that you may pay on your investment in the Fund. Such charges will reduce the performance of your investment. A 5% subscription fee can be charged at the Investment Managers discretion.

1. Refers to the EU Sustainable Finance Disclosure Regulation

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Portfolio Exposure & Attribution

As at 31 December 2025

Top 10 Positions (%)	
NVIDIA	9.2
Alphabet^	5.6
TSMC	5.3
Broadcom	5.0
Advanced Micro Devices	3.6
Meta Platforms	3.0
LAM Research	2.6
KLA	2.4
Lumentum Holdings	2.3
Samsung Electronics	2.2
Total	41.3

Total Number of Positions 65

Active Share 62.49%

Market Capitalisation Exposure (%)

Mega Cap (>US\$50 bn)	69.7
Large Cap (US\$10 bn - 50 bn)	28.6
Mid Cap (US\$1 bn - 10 bn)	1.7
Small Cap (<US\$1 bn)	0.0

Options (%)^

	Premium	Delta Adj. Exp.
Index Put	0.40	-6.79
Single Stock Call	0.21	3.79

[^]The Fund may hold call and/or put options for Efficient Portfolio Management. When applicable all exposures are calculated using delta adjusted weights.

Performance Attribution - 1 Month (%)

Top Contributors

Lumentum Holdings	0.28
Apple	0.24
Coherent	0.22
MongoDB	0.20
LAM Research	0.16

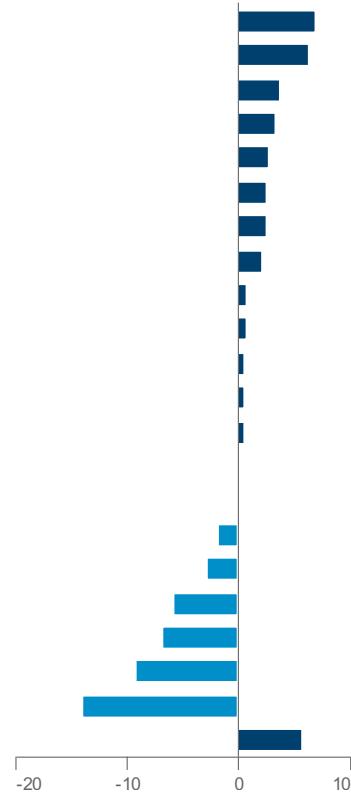
Top Detractors

Celestica	-0.36
Credo Technology Group Holding	-0.30
NVIDIA	-0.24
Pure Storage	-0.23
NASDAQ Index Put Options	-0.20

Performance attribution is calculated in USD on a relative basis over the month. Attribution effect is shown gross of fees.

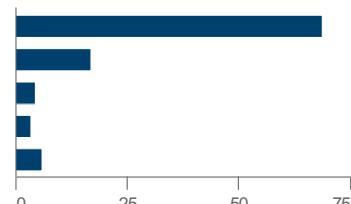
Sector Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund	Relative
Electronic Components	7.0	7.0
Electronic Manufacturing Services	6.4	6.4
Communications Equipment	6.1	3.8
Heavy Electrical Equipment	3.4	3.4
Electrical Components & Equipment	2.8	2.8
Internet Services & Infrastructure	4.2	2.6
Broadline Retail	2.6	2.6
Semiconductor Materials & Equipment	7.1	2.2
Healthcare Supplies	0.9	0.9
Automobile Manufacturers	0.8	0.8
Specialty Chemicals	0.7	0.7
Aerospace & Defense	0.7	0.7
Investment Banking & Brokerage	0.6	0.6
Technology Distributors	0.0	-0.2
Movies & Entertainment	0.0	-0.3
IT Consulting & Other Services	0.7	-1.7
Semiconductors	28.6	-2.8
Tech. Hardware, Storage & Periph.	10.9	-5.7
Application Software	0.8	-6.7
Interactive Media & Services	8.1	-9.2
Systems Software	0.7	-13.9
Cash	5.8	5.8



Geographic Exposure (%)

US & Canada	69.1
Asia Pac (ex-Japan)	17.1
Japan	4.4
Europe	3.7
Cash	5.8



The column headed "Fund" refers to the percentage of the Fund's assets invested in each sector. The column headed "Relative" refers to the extent to which the Fund is overweight or underweight in each sector compared (relative) to the index.

Note: Totals may not sum due to rounding. 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.

Fund Managers' Comments

Market review

Global equity markets continued their advance in December, the MSCI All Country World Net Total Return Index gaining +1%. US equities continued to set new highs, with the S&P 500 up a modest +0.1%, just managing to extend its positive streak to eight months to close out the year. European markets were strong with the DJ Euro Stoxx 600 up +4% (all returns in US dollar terms).

During the year, the MSCI All Country World Net Total Return Index gained +22.3%, the S&P 500 Index +17.9% while the DJ Euro Stoxx 600 Index significantly outperformed, up +36.8%. The trade-weighted US dollar fell -9.4%, its worst year since 2017, weakening against every other G10 currency as the Fed pivoted from the 'higher for longer' narrative towards delivering multiple interest rate cuts in H2. Meanwhile, gold returned +65%, its best year since 1979, in part due to dollar weakness itself, but also fears over government spending (leading to safe haven trades or 'debasement').

2025 was defined by solid global growth, central bank rate cuts and growing optimism over the potential tailwinds from AI and more obviously upside to AI capex which materially contributed to US economic growth. The market's upward trajectory was punctuated by volatility around DeepSeek in late January and the early April Liberation Day tariff uncertainty, followed by a strong relief rally as reciprocal tariffs were paused.

Market conditions stabilised mid-year as Middle East tensions eased, inflation moderated and labour markets cooled, prompting the Federal Reserve to resume rate cuts. The late summer and autumn were marked by fluctuating rate expectations, a prolonged US government shutdown, pockets of credit stress and renewed tariff threats. Momentum stalled a little in Q4 although equities held up, supported by resilient earnings, easing inflation, supportive monetary policy and continued strength in AI-related capital expenditure. Encouragingly, most of the S&P 500 returns were driven by EPS growth, while the forward P/E multiple – although high versus history – ended the year at 22x, only marginally above where it began (21.5x).

Economic data released in December suggested a continued, orderly cooling in the US labour market, further easing inflationary pressure. Non-farm payrolls rose by 64,000 in November, exceeding expectations for a 50,000 increase and rebounding from a revised 105,000 decline in October. Meanwhile, headline CPI rose +2.7% year-on-year (y/y) in December, below expectations of +3.1% and the lowest level since July. While energy prices rose sharply over the period, increases elsewhere were more moderate and core inflation declined to +2.6%, its lowest level since March 2021 and well below forecasts.

A more benign inflation backdrop reinforced the case for easier monetary policy. The Federal Reserve delivered a further 25bps rate cut in December, lowering the federal funds target range to 3.50-3.75% and taking borrowing costs to their lowest level since 2022. The decision was not unanimous, however, highlighting ongoing debate within the Committee. Policymakers revised their GDP growth forecasts modestly higher for both 2025 and 2026 and lowered expected PCE inflation but left their longer-term rate projections unchanged, signalling just one further 25bps cut in 2026.

Looking ahead, political and policy uncertainty remain elevated. President Trump indicated he will announce his nominee for the next Fed Chair in January, raising potential questions over the future independence of monetary policy. In parallel, the Supreme Court is expected to rule on the constitutionality of Trump's tariff regime,

although the administration has indicated contingency plans to reimpose tariffs should their current approach be struck down.

Our base case remains that despite macro challenges and political gyrations, the US economy will not be sufficiently weak to derail the AI story. The broad economic expansion should continue as "the consumer is resilient, spending is strong and delinquency rates are actually coming in below expectations" (JP Morgan Q3 2025 earnings call). The US economy should also be supported by a positive fiscal impulse from the One Big Beautiful Bill Act (OBBA) and the potential for further policy support as the US midterm elections approach in November. A reduced drag from tariffs, further deregulatory initiatives and tax cuts/rebate cheques should also help. However, the K-shaped economy reflects strong wealth effects and consumer spending for upper income groups while less affluent groups, and the companies that serve them, may fare less well.

Disinflationary growth tailwinds from AI are also building. Productivity growth has ticked up post-Covid, running at c2% per year up from c1.5% (and reaching 4.9% in 3Q25). If the proliferation of AI across the economy begins to take hold, potential real GDP should be lifted well above prior assumptions and could allow growth above 2.5% without triggering inflation. Yale economists have derived scaling laws for economic productivity which suggest that each year of AI model progress reduces task time by 8%, which implies continued model scaling could boost US productivity by 20% over the next decade.

2025 performance

Over the calendar year, the Fund (USD Share Class) delivered strong absolute returns of +52.8%, significantly outperforming its benchmark, the Dow Jones Global Technology Net Total Return Index (W1TECN), which returned +28.7% (both figures in dollar terms). Relative performance was also pleasing, with top decile returns across one, two, three, five and 10-year periods versus the Lipper Technology peer group. Incredibly, it is just over three years since ChatGPT was first launched. During the first two years the AI trade and Mag7 stocks were perceived by investors to be intertwined. However, more recently they have begun to decouple as the AI race has become increasingly capital intensive and more two-way AI debates emerged. In 2024, Mag7 (+67%) proved a good AI conduit, but less so in 2025 with the group gaining 'only' +25%, lagging the broader technology sector with only Alphabet and NVIDIA delivering returns greater than global equities (MSCI ACWI +22%).

The Fund's diversified portfolio helped significantly in 2025 with returns largely generated by strong stock selection, underpinned by company growth and earnings upgrades, rather than multiple expansion.

A broadening out of AI demand, relative to narrow markets of prior years, played to the strength of our team of 11 dedicated technology/AI analysts and portfolio managers. Of our 65 holdings at year-end, 49 had delivered performance ahead of NVIDIA over the year and 52 had outperformed the technology benchmark (five of 11 laggards were Mag7 stocks). This also reflects a deliberately more active approach to exiting underperforming stocks. Performance was robust across a range of AI-related holdings, with notable contributions from AI enablers (compute; networking; storage; optical components; memory) complemented by increased investment in the wider AI infrastructure ecosystem (including data centre power and cooling).

Relative performance benefited in 2025 from a meaningful underweight to the Mag7 group in aggregate and a notable reduction in software (<10% exposure), particularly to application software which we believe faces an existential threat from generative AI. Despite Mag7 headwinds, large-cap US technology stocks significantly outperformed their small

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and mid-cap peers: the Russell 1000 Technology Index and Russell 2000 Technology Index returning +27% and +7% respectively.

Performance also benefitted from being globally diversified with the Dow Jones World (ex US) Tech index gaining +39%, significantly ahead of the US-focused NASDAQ 100 +21% and its equal-weighted equivalent which returned only +15%. Sector performance aligned well with Fund positioning, with the Philadelphia Semiconductor Index (SOX) materially outperforming (+43%) the NASDAQ Internet Index (QNET) and iShares Software (IGV), which returned +16% and +6% respectively.

Importantly, returns were achieved with risk metrics in normal ranges. Average active position sizes remain below 2%, the top 10 positions average around 2% and the Fund's beta and active share remain firmly within historical ranges. The Fund's AUM growth in 2026 came almost entirely from performance with net flows turning mildly positive during H2.

Many factors have contributed to performance, but the overarching theme has been our AI focus. More than eight years ago we launched the dedicated Polar Capital Artificial Intelligence Fund and three years ago we introduced a new step in our investment process, an 'AI lens' through which we evaluate the likely impact of AI progress on every technology subsector and potential holding. The team has also fully embraced AI internally with many models and AI tools across a range of use cases from screening, research comparisons, results summaries and meeting preparation. As model performance has improved rapidly in the past six months so has the output from these tools, giving us increased conviction and our own focus on the use of AI as a differentiator.

Our AI conviction reflects our view that we are in a very rare period of discontinuous technology progress, characterised by radical innovation where decades of change are condensed into much shorter periods which also makes them very difficult to model/forecast. In addition, AI capability has advanced sufficiently that it appears to be entering a more disruptive phase as it morphs from complement to substitute. This more 'normal' feature of new technology cycles is likely to continue to pressure the value of incumbency and helps explain our elevated portfolio turnover more recently.

It also likely explains why 2025 proved another disappointing year for active managers, despite waning Mag7 leadership. During the year, just 17% of tech managers in the Lipper Technology peer group outperformed the Dow Jones Global Technology Index while only 21% of global managers beat their index, according to Baird. As a seasoned investor (and ex-colleague) said recently, there appears to be a "bubble in calling for a bubble", mostly from the majority who are not participating. This feels highly analogous to the mid-1990s when premature concerns around "irrational exuberance" (1996) and widespread scepticism about the internet cycle saw just 17% and 18% of active US funds outperform their benchmarks in 1997 and 1998 respectively.

Technology review

During December, the technology sector modestly outperformed the broader market, the Dow Jones Global Technology Net Total Return Index (W1TECN) returning +0.5%. The Philadelphia Semiconductor Index (SOX) returned +0.9% while the NASDAQ Internet Index (QNET) and iShares Software (IGV) returned -0.3% and +1.5% respectively.

The Fund (USD Share Class) declined -0.2% during the month, slightly lagging the Dow Jones Global Technology Net Total Return Index (W1TECN) which gained +0.5% (all returns in dollar terms).

During the month, NVIDIA announced a \$20bn non-exclusive deal to license Grok's Language Processing Unit (LPU) technology. The AI chip startup was founded by Jonathan Ross, part of the original Google TPU

design team, and as part of the deal Ross and other Grok staff will join NVIDIA. LPUs utilise rapid on-chip SRAM memory and excel in high-throughput single stream inferencing, i.e. rapid token generation. Adding LPU technology to NVIDIA's roadmap enables it to address more of the inferencing total addressable market (TAM), in areas where GPUs are less efficient.

December also saw the final earnings reports of the year. In the semiconductor sector Broadcom beat expectations and raised guidance as AI semiconductor revenue grew +76% y/y and the company guided to +100% y/y growth for the next quarter. Broadcom's fourth XPU customer more than doubled its order for AI racks to \$21bn from \$10bn last quarter and the company confirmed a fifth XPU customer had submitted a \$1bn order. Broadcom now has a \$73bn AI backlog which is expected to ship over the next 12-18 months. However, the stock was weak as selling full server racks will be a headwind to gross margins while the backlog number was below some bullish investor expectations. We reduced our position modestly as we expect company forecasts to prove typically conservative.

Semiconductor memory maker Micron Technology (Micron) reported a strong quarter, guiding revenue \$4.3bn above the street's \$14.4bn estimate (a higher dollar amount than NVIDIA in its 'breakout' May 2023 quarter). 2026 price and volume agreements for Micron's HBM have now been contracted and the company pulled forward its \$100bn HBM TAM estimate to 2028 from 2030. Supply is extremely limited across both HBM and commodity DRAM/NAND due to a lack of industry clean room space. As such, there is very little that memory players can do to add capacity before planned fabs are completed in mid-2027. This should support a record pricing environment through 2026 and into 2027, reflected in Micron's gross margin guidance of 68% (non-GAAP) versus consensus expectations of c56%.

Similar to Micron, AI networking leader Credo Technology Group Holding (Credo) delivered a robust quarter, beating revenue expectations by 14% and gross margin by 2.7%. However, its financial Q3 guidance was a staggering c\$100m, or +37% above consensus, driven by existing and new customers ramping Active Electrical Cables. The company now has four >10% customers to help diversify its revenue base and believes new product announcements help expand the TAM to >\$10bn, up 3.5x in the past 18 months. The stock sold off despite strong results on profit-taking and concerns about next generation server content opportunities.

Ciena's 4Q25 results were reassuring as order acceleration in H2 gives the company improved visibility on revenue next year. As such, the company raised revenue guidance for its next fiscal year to +24%, up from +17% last quarter, and \$5bn of the \$6bn revenue guide is already in the backlog so the guide appears somewhat conservative. In addition, Ciena noted an expansion of the revenue opportunity with its first hyperscaler customer as well as wins with two additional customers for 'scale-across' applications, i.e. connecting data centres over significant distances.

The software sector underperformed in 2025 with the IGV (iShares Expanded Tech-Software Sector ETF) up only 8%. Fears of AI disruption, the commoditisation of code and threat to seat-based business models have raised terminal value questions. Software valuations are now below 2013-18 averages. Architectural and business model disruption often sparks M&A for incumbents, and this month ServiceNow* announced the \$7.8bn acquisition of Armis, by far the largest deal in the company's history and a push into an adjacent cybersecurity market. The company reaffirmed its guidance, but the story has become more

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complex, and investors are concerned about a potential slowdown in the core business.

MongoDB delivered another good quarter as its Atlas cloud offering continued to accelerate to +30% y/y. This brought upside across margins, EPS and free cashflow. Guidance was also very strong, +7% above street expectations. New customer additions remained strong and a sharper focus on direct customer engagement is driving enterprise growth. Given the scalability of MongoDB's platform and fully integrated vector search, this should set the company up well to gain share as enterprises incorporate AI and Agentic capabilities.

Peer Snowflake also beat expectations, albeit by a smaller amount than the previous quarter. Product revenue was +29% y/y, a 1.5pt deceleration from last quarter. However, during that quarter the company did call out large migrations they did not expect to recur, so this was not a material disappointment and Q4 product revenue was guided to +27% y/y. Despite a disappointing gross margin guide for Q4, other key metrics remained healthy as RPO accelerated 4% to +37% y/y, NRR is 125% i.e. high and stable, and AI revenue is now at a >\$100m run rate.

Pure Storage posted solid results with revenue ahead of expectations and accelerating to 16% y/y. Guidance was also raised and gross margins were particularly strong at 76%. The stock sold off after its results were announced given the company's large Meta Platforms (Meta) order has now been delivered cautioning it will need to increase spending to address new opportunities. There were also no additional details on new hyperscaler deals, which remain in proof-of-concept stage.

The top contributors to relative performance during the month were Apple (u/w) which saw selling pressure through the period, Lumentum Holdings and Coherent which both outperformed due to strong optical networking demand for AI clusters, MongoDB and LAM Research.

The biggest detractors to performance during the month were Celestica, which was weak on competition concerns, Credo, NVIDIA (u/w) which rallied on renewed AI optimism after a period of lacklustre performance, Pure Storage and electronics battery supplier TDK.

Outlook

The market remained volatile into year-end as investors weighed rising AI capex and financing concerns, compounded by perceptions that OpenAI's models have recently lagged peers such as Anthropic's Claude 4.5 and Google's Gemini 3.0, alongside the emergence of highly competitive models from China. In our view, such fluctuations are to be expected during the early stages of what we believe will be a durable and intensely competitive race for frontier-model leadership, not least because AI adoption and growth continue unabated – in three years we have gone from less than one million people using AI to well over one billion active users – a feat that took decades during the Internet era. ChatGPT alone hit more than 800 million weekly active users in mid-2025.

In our view, 2026 will be a pivotal year for AI (and OpenAI). Model performance will continue to improve as new LLMs trained on larger, more powerful hardware clusters are released. Everyone is waiting keenly for the next major OpenAI and xAI models, expected in 1Q26, which will be the first trained on NVIDIA's Blackwell architecture. Alphabet's Gemini 3 model success gives confidence that pre-training scaling laws remain intact and that larger coherent clusters of compute will bring more performant models. Benchmarks will be beaten, new approaches progressed and we remain hopeful that AI capabilities will continue to positively surprise. This should embolden leading AI labs to invest (even more) aggressively in the next generation of models and continue to support AI capex.

The speed of AI revenue growth so far has been extraordinary: OpenAI reached \$10bn ARR less than three years after the launch of ChatGPT

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and Anthropic is on course to do the same in four years. This compares to eight years at Google and 10 years at Meta. OpenAI reportedly increased its revenue projections and now expects \$100bn in 2028, up from \$86bn previously. Peer Anthropic is projecting \$40bn revenue in 2027 and \$70bn in 2028. While the market is treating these forecasts with healthy scepticism, the direction and pace of current AI demand growth is unparalleled.

Perhaps most exciting is the potential for agentic AI to take off in 2026 as AI agents to complete tasks previously the domain of humans, from booking a hotel to chasing an unpaid invoice. Agents should also benefit from a more mature tooling ecosystem and, as they start to execute more complex work, demand for inference tokens should grow very meaningfully. 'Work' will be increasingly unconstrained by the number of humans available (or hours in the day) as agents work autonomously on longer and ever more sophisticated tasks with potential for significant productivity benefits.

A striking example of discontinuous technological progress came on the back of Anthropic's latest model Claude 4.5 released in December 2025. To quote research from Jordi Visser at 22V Research: "Boris Cherny, the creator of Claude Code, provided concrete evidence that demolished any remaining scepticism about what had been achieved. Over a recent 30-day period, he reported that Claude Code using Opus 4.5 wrote 100% of his contributions to Claude Code itself" stating that "coding is no longer the limiting factor; the bottleneck is execution and guidance."

Soon after, on 2 January, Janna Dogen, a principal engineer at Google who leads work on the Gemini API, tweeted: "I'm not joking, and this isn't funny. We have been trying to build distributed agent orchestrators at Google since last year. There are various options. Not everyone is aligned. I gave Claude Code a description of the problem. It generated what we built last year in an hour."

Igor Babushkin (co-founder of xAI) responded with a quote often attributed to Lenin: "There are decades where nothing happens, and there are weeks where decades happen."

Elon Musk added simply: "We have entered the singularity."

We also agree with Visser's conclusion: "For investors, the implications are immediate and profound. First, the arrival of truly capable AI agents is no longer a 2027 or 2028 story, it's happening now. The timeline has collapsed. Second, the classic 'build versus buy' calculation that has governed enterprise software decisions for decades has been fundamentally altered."

We expect 2026 will see a flourishing of AI use cases across every sector – although the distribution will be extremely uneven between companies that can deliver (and compound) value by adopting AI and less successful peers that are left behind. Goldman Sachs estimates a 10-30% EPS boost from full AI adoption to most S&P 500 sectors.

Our experience running the Polar Capital Artificial Intelligence Fund for the past eight years has given us a differentiated viewpoint in evaluating AI adoption and the pipeline of global equity candidates for that Fund has never been stronger. Equally, the list of previously popular well owned 'compounders' or 'quality growth stocks' that may be on the wrong side of AI is also growing rapidly. Navigating accelerating disruption likely requires a deep understanding of the capabilities of AI. It is no coincidence disruption has accelerated concurrent with improvements in AI model performance, which suggests more widespread impacts ahead.

Strong demand for AI infrastructure is likely to persist as better models find more valuable and sophisticated use cases. Infrastructure to train and serve AI models will remain supply constrained and with accelerating demand we expect leading labs and hyperscalers to remain compute-constrained through the year. There are already signs of this in hyperscaler backlog, with \$1.2trn of backlog combined across

AWS, Azure and Google Cloud, up from c\$660bn at the end of 2024, and commentary that AI demand is accelerating at a faster pace than capacity can be added.

We agree with Goldman Sachs' assessment that "the AI spending boom does not look particularly large when appropriately benchmarked against investment cycles associated with other general purpose technologies". Bank of America expects big-five hyperscaler capex to rise to \$612bn in 2027 while combined operating cashflows to help cover this spending could reach \$1.1trn by 2029. For context, Gartner forecasts total worldwide IT spending to grow +9.8% in 2026 to pass \$6trn. Near term, data centre financing needs for 2026 can be funded from hyperscaler cashflows and investment grade bond markets: Alphabet, Microsoft, Amazon and Meta have c\$700bn of additional capacity based on 1x net debt to 2026 EBITDA and \$1.45trn based on 2x. Net debt issuance in the tech sector was \$145bn in 2025 (per JP Morgan) and only represents c6% of notional stock outstanding versus 12% for telcos in 2000.

Valuations are elevated but appear reasonable (and certainly not bubble-like) with the S&P IT sector trading at c26x forward earnings (1.2x the S&P 500) and NASDAQ at c25x, in line with its seven-year average. Instead, most of the performance in recent years has been driven by strong fundamental growth rather than price/multiple expansion. Investors also appear to be highly sceptical about the return on AI investments and the durability of the AI trade, which is hard to reconcile with an irrational market bubble. Meanwhile OpenAI has reportedly held preliminary discussions to raise as much as \$100bn at a valuation of \$750bn. A strong model release in 1Q26 would make a fundraising of this magnitude more likely and the combination would be a reassuring development.

Unlike previous booms, IPO markets have been subdued since 2021's enormous issuance, but we expect this will change. It is quite possible one of the leading AI labs will go public towards the end of next year, due to the quantum of capital required to train better models and, perhaps more importantly, run revenue-generating inference on them. More likely, however, there are several other companies at >\$1bn annual recurring revenue (ARR) which are credible candidates for a public listing and may also encourage the next generation of AI-native companies to come to market sooner, especially since many are scaling to >\$200m ARR faster than ever seen before.

Our constructive outlook on the tech sector in 2026 is primarily driven by our conviction in the AI story itself and is underpinned by strong earnings growth and several supportive impulses into next year – monetary policy, fiscal policy, fund flows and AI investment – which should help the market climb the wall of worry. Our team has been travelling extensively and our company meetings and sell-side supply chain checks in December and early January concur. Management tone at investor conferences in the US and Asia remains upbeat regarding the prospects for 2026, generally more so than at the time of Q3 earnings, especially in areas like memory/storage and optical networking where supply remains constrained and demand is accelerating.

Commentary from the Consumer Electronics Show (CES) in Las Vegas in early January also remains highly supportive. In keynote presentations, AMD CEO Lisa Su called AI "the most important technology of the last 50 years" before claiming "we need to increase the world's compute capacity 100 times, over the next few years". Meanwhile NVIDIA CEO Jensen Huang stated demand is "skyrocketing" expressing confidence in the 2H26 ramp of its new Rubin (GB300) rack which is in "full production" and offers 3.5x better training and 5x better inference performance than the current Blackwell generation. Huang also identified data storage for AI as a completely unserved market that "will likely become the world's largest storage market". In our view, this is yet another barometer of the scale of the discontinuous technology change ahead. Morgan

Performance relates to past returns and is not a reliable indicator of future returns.

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.

Stanley subsequently noted that Huang's previous \$500bn cumulative Blackwell and Rubin revenue target for 2025-26 combined has been increased on the back of management remarks. Others concur. "We are still in the opening miles of a marathon", according to Microsoft CEO Satya Nadella.

Bull markets do not typically end when the Fed is cutting rates, earnings are growing double digits and the world is breaking ground on the infrastructure for a transformative new technology. With AI advancing at extraordinary speed, we expect 2026 to be the year when the capabilities of these models become unmistakable and the impact of AI increasingly difficult for investors to ignore. Volatility should be expected; it is a normal feature of new technology cycles.

The Fund continues to hold out of the money NASDAQ put options to help ameliorate excess portfolio beta/downside volatility (versus global tech) that is inherent with our growth-centric and pro-AI invest style, however it is important to note they are not to protect absolute returns and will have only modest impact during inevitable periods of AI angst.

*not held

Nick Evans & Ben Rogoff

7 January 2026

Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF [†]	Ann. Fee	Perf. Fee ^{††}
USD R Dist	POLGTRU ID	IE00B433M743	B433M74	-	1.59%	1.50%	N/A
GBP R Dist	POLGTRS ID	IE00B42N8Z54	B42N8Z5	-	1.59%	1.50%	N/A
EUR R Dist	POLGTRE ID	IE00B4468526	B446852	-	1.59%	1.50%	N/A
USD I Dist	POLGTIU ID	IE00B42NVC37	B42NVC3	-	1.09%	1.00%	N/A
GBP I Dist	POLGTIS ID	IE00B42W4J83	B42W4J8	-	1.09%	1.00%	N/A
EUR I Dist	POLGTIE ID	IE00B42N9S52	B42N9S5	-	1.09%	1.00%	N/A
USD Dist*	POCFGTU ID	IE0030772275	3077227	-	1.59%	1.50%	N/A
GBP Dist*	POCFGTS ID	IE0030772382	3077238	-	1.59%	1.50%	N/A
EUR Dist*	POCFGTE ID	IE00B18TKG14	B18TKG1	-	1.59%	1.50%	N/A
EUR I Acc	POCGTIE ID	IE00BM95B514	BM95B51	-	1.09%	1.00%	N/A
EUR R Acc	POCGTRE ID	IE00BM95B621	BM95B62	-	1.59%	1.50%	N/A

*These share classes are closed to new investors.

Currency Hedged[†]

EUR R Dist Hdg	POLRHEU ID	IE00BTN23623	BTN2362	-	1.59%	1.50%	N/A
EUR R Acc Hdg	POLGRHE ID	IE00BZ4D7648	BZ4D764	-	1.59%	1.50%	N/A
CHF R Dist Hdg	POLRHCH ID	IE00BTN23516	BTN2351	-	1.59%	1.50%	N/A
GBP I Dist Hdg	POLGIGH ID	IE00BW9HD621	BW9HD62	-	1.09%	1.00%	N/A
EUR I Dist Hdg	POLGIHE ID	IE00BZ4D7085	BZ4D708	-	1.09%	1.00%	N/A
CHF I Dist Hdg	POLRHRI ID	IE00BVB30C68	BVB30C6	-	1.09%	1.00%	N/A

Ongoing Charges Figure (OCF) is the latest available, as per the date of this factsheet. The Ongoing Charges Figure is based upon the expenses incurred by the Fund for the previous 12 month period. The OCF incorporates the Annual Fee charged by the Fund.

†Performance Fee Performance fees no longer applied from 2 January 2025.

1. Currency exposures hedged at the share class level to the extent it's practicable. Gives substantially similar currency exposures as a US\$ investor investing in the unhedged base currency (US\$) share class.

Risks

- Capital is at risk and there is no guarantee the Fund will achieve its objective. Investors should make sure their attitude towards risk is aligned with the risk profile of the Fund before investing.**
- Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you might get back less than you originally invested as there is no guarantee in place.**
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and

regulations of countries in which investment may be made. Please see the Fund's Prospectus for details of all risks.

- The Fund invests in the shares of companies and share prices can rise or fall due to several factors affecting global stock markets.
- The Fund uses derivatives which carry the risk of reduced liquidity, substantial loss, and increased volatility in adverse market conditions, such as failure amongst market participants.
- The Fund invests in assets denominated in currencies other than the Fund's base currency. Changes in exchange rates may have a negative impact on the Fund's investments. If the share class currency is different from the currency of the country in which you reside, exchange rate fluctuations may affect your returns when converted into

your local currency. Hedged share classes may have associated costs which may impact the performance of your investment.

- The Fund invests in emerging markets where there is a greater risk of volatility due to political and economic uncertainties, restrictions on foreign investment, currency repatriation and currency fluctuations. Developing markets are typically less liquid which may result in large price movements to the Fund.
- The Fund invests in a relatively concentrated number of companies and industries based in one sector. This focused strategy can produce high gains but can also lead to significant losses. The Fund may be less diversified than other investment funds.

Important Information

This is a marketing communication and does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments. Any opinions expressed may change. This document does not contain information material to the investment objectives or financial needs of the recipient. This document is not advice on legal, taxation or investment matters. Tax treatment depends on personal circumstances. Investors must rely on their own examination of the fund or seek advice. Investment may be restricted in other countries and as such, any individual who receives this document must make themselves aware of their respective jurisdiction and observe any restrictions.

A decision may be taken at any time to terminate the marketing of the Fund in any EEA Member State in which it is currently marketed. Shareholders in the affected EEA Member State will be given notification of any decision and provided the opportunity to redeem their interests in the Fund, free of any charges or deductions, for at least 30 working days from the date of the notification.

Investment in the Fund is an investment in the shares of the Fund and not in the underlying investments of the Fund. Further information about fund characteristics and any associated risks can be found in the Fund's Key Information Document or Key Investor Information Document ("KID" or "KIID"), the Prospectus (and relevant

Fund Supplement), the Articles of Association and the Annual and Semi-Annual Reports. Please refer to these documents before making any final investment decisions. These documents are available free of charge at Polar Capital Funds plc, Georges Court, 54-62 Townsend Street, Dublin 2, Ireland, via email by contacting Investor-Relations@polarcapitalfunds.com or at www.polarcapital.co.uk. The KID is available in the languages of all EEA member states in which the Fund is registered for sale; the Prospectus, Annual and Semi-Annual Reports and KIID are available in English.

The Fund promotes, among other characteristics, environmental or social characteristics and is classified as an Article 8 fund under the EU's

Administrator Details

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Dealing Daily
Cut-off 15:00 Irish time

Important Information (contd.)

Sustainable Finance Disclosure Regulation (SFDR). For more information, please see the Prospectus and relevant Fund Supplement.

ESG and sustainability characteristics are further detailed on the investment manager's website: <https://www.polarcapital.co.uk/ESG-and-Sustainability/Responsible-Investing/>.

A summary of investor rights associated with investment in the Fund can be found [here](#). This document is provided and approved by both Polar Capital LLP and Polar Capital (Europe) SAS.

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Benchmark The Fund is actively managed and uses the Dow Jones Global Technology Net Total Return Index as a performance target. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Fund invests. The performance of the Fund is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making

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Switzerland The principal Fund documents (the Prospectus, Fund Supplement, KIDs, Memorandum and Articles of Association, Annual Report and Semi-Annual Report) of the Fund may be obtained free of charge from the Swiss Representative. The Fund is domiciled in Ireland. The Swiss representative is FundRock Switzerland SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17 quai de l'Ile, 1204 Geneva, Switzerland.

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