POLAR CAPITAL

Polar Capital Funds plc
Global Insurance Fund

31 July 2023

GBP Class I Acc | ISIN: IE00B5339C57

NAV per Share

GBP Class I Acc	£9.99

Fund Details

Fund Size	£1,997.7 m
Base Currency	GBP
Denominations	GBP/USD/EUR
Fund Structure	UCITS
Domicile	Ireland
Listing	Euronext Dublin
Launch Date	16 October 1998
Investment Manager	Polar Capital LLP
SFDR Classification	Article 8

Historic Yield (%) [2] **1.29**

Fund Managers

Nick Martin
Lead Fund Manager
Nick joined the team in 2001 and manages the fund. He joined Polar Capital in 2010 and has 24 years of industry experience.

ALPHA MANAGER 2022

Dominic Evans
Fund Manager
Dominic has managed the fund since 2022, he joined Polar Capital in 2012 and has 14 years of industry experience.

Fund Ratings

ELITE RATED ESG Integrated FundCalibre.com

MORNINGSTAR ★★★★★

MORNINGSTAR Gold

FE fundinfo Crown Fund Rating

ELITE RATED by FundCalibre.com

Ratings are not a recommendation.

Fund Profile

Investment Objective

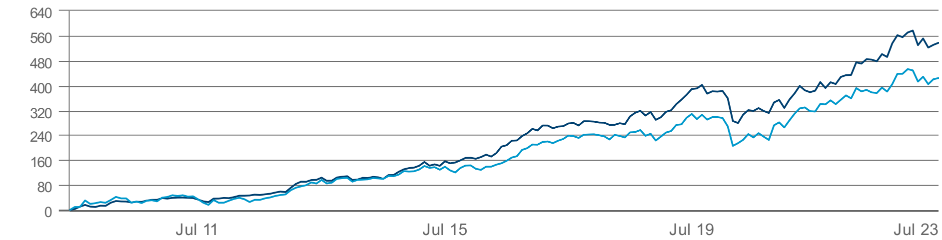
The Fund aims to provide an attractive total return, irrespective of broader economic and financial market conditions, by investing in companies operating within the international insurance sector.

Key Facts

- Managed by industry professionals
- Low correlation to broader equity markets
- 20+ year track record (since launch)
- Typically own 30-35 holdings with low turnover
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

Share Class Performance

Performance Since Launch (%) [1]



	1m	3m	YTD	1yr	3yrs	5yrs	10 yrs	Since Launch Cum.	Since Launch Ann.
GBP Class I Acc	1.05	-2.12	-2.76	10.25	52.24	58.97	212.13	536.93	14.10
Index	0.72	-0.82	-2.56	10.06	57.27	49.89	166.10	423.71	12.52

Discrete Annual Performance (%)

12 months to	31.07.23	29.07.22	30.07.21	31.07.20	31.07.19
GBP Class I Acc	10.25	19.57	15.49	-14.35	21.91
Index	10.06	14.31	25.00	-18.46	16.88

Calendar Year Performance (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GBP Class I Acc	24.20	16.28	-5.58	23.26	1.48	6.47	34.67	14.11	12.47	32.33
Index	18.37	18.99	-4.23	23.29	-5.84	10.55	27.54	8.80	10.01	35.20

Performance relates to past returns and is not a reliable indicator of future returns.
Performance for the GBP Class I Acc. The class launched on 21 July 2009. Performance data is shown in GBP. Source: Northern Trust International Fund Administration Services (Ireland) Ltd. Benchmark performance shown in GBP. 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. Hiscox Insurance Portfolio Fund launched 16 October 1998, and was merged into the Polar Capital Global Insurance Fund on 27 May 2011. Whilst the investment management team and strategy are identical, not all terms are consistent, including fees. Please refer to the Fund Prospectus for details of the Polar Capital Global Insurance Fund. Prior to the amalgamation of both funds, the benchmark was the Datastream World Insurance Index (£). The benchmark was changed at the launch of the Polar Capital Global Insurance Fund to the MSCI Daily TR World Net Insurance Index which is the benchmark upon which performance fees are calculated.

2. Historic yield is based on a NAV per share of £7.33 and income of £0.0949 per unit paid in the last 12 months, based on GBP Institutional distribution units. **WARNING: Investors should note that historic yield does not measure the overall performance of a fund. It is possible for a fund to lose money overall but to have a positive historic yield. Historic yield cannot be considered as being similar to the interest rate an investor would earn on a savings account.**

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Portfolio Exposure

As at 31 July 2023

Top 10 Positions (%)

Arch Capital	9.3
Marsh McLennan	6.9
Chubb	6.6
RenaissanceRe Holdings	6.5
Markel	5.6
Essent Group	4.9
Fairfax Financial Holdings	4.8
WR Berkley	4.8
Intact Financial Corp	4.0
Everest Re Group	3.9
Total	**57.4**

Total Number of Positions **33**

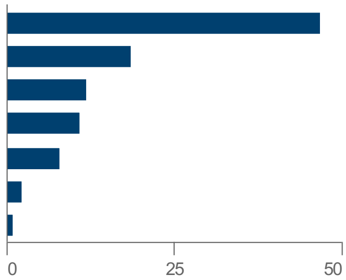
Active Share **69.03%**

Market Capitalisation Exposure (%)

Large Cap (>$20bn)	48.6
Mid Cap ($5bn - $20bn)	34.9
Small Cap (<$5bn)	16.5

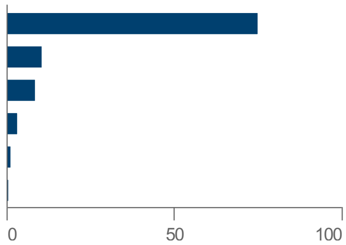
Sector Exposure (%)

Commercial	47.1
Retail	18.8
Insurance Brokers	11.8
Reinsurance	11.0
Life and Health	7.9
Multi-line Insurance	2.5
Cash	0.9



Geographic Exposure by Listing (%)

US	75.1
UK	10.5
Canada	8.9
Asia	3.6
Europe	1.1
Cash	0.9



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.

Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF†	Ann. Fee	Perf. Fee††
USD R Acc	PCFIRUA ID	IE00B5164B09	B5164B0	-	1.35%	1.25%	10%
USD R Dist	PCFIRUD ID	IE00B4X9QT28	B4X9QT2	-	1.35%	1.25%	10%
GBP R Acc	PCFIRGA ID	IE00B4X2MP98	B4X2MP9	-	1.35%	1.25%	10%
GBP R Dist	PCFIRGD ID	IE00B51X0H96	B51X0H9	-	1.35%	1.25%	10%
EUR R Acc	PCFIREA ID	IE00B52VLZ70	B52VLZ7	-	1.35%	1.25%	10%
EUR R Dist	PCFIRED ID	IE00B547TM68	B547TM6	-	1.35%	1.25%	10%
USD I Acc	PCFIIUA ID	IE00B4Y53217	B4Y5321	USD 1m	0.85%	0.75%	10%
USD I Dist	PCFIIUD ID	IE00B503VV16	B503VV1	USD 1m	0.85%	0.75%	10%
GBP I Acc	PCFIIGA ID	IE00B5339C57	B5339C5	USD 1m	0.85%	0.75%	10%
GBP I Dist	PCFIIGD ID	IE00B530JS22	B530JS2	USD 1m	0.85%	0.75%	10%
EUR I Acc	PCFIIEA ID	IE00B55MWC15	B55MWC1	USD 1m	0.85%	0.75%	10%
EUR I Dist	PCFIIED ID	IE00B4V4LB63	B4V4LB6	USD 1m	0.85%	0.75%	10%
USD I Acc Hdg	PCGIIHU ID	IE00BD3BW042	BD3BW04	USD 1m	0.85%	0.75%	10%
EUR I Acc Hdg	PCGIIHE ID	IE00BD3BW158	BD3BW15	USD 1m	0.85%	0.75%	10%
Port Hdg GBP I Dist	POLRCPU ID	IE000E6SKV30	BP0VMM3	USD 1m	0.85%	0.75%	10%
Port Hdg EUR I Acc	PLRGIER ID	IE0001HWFGO2	BPCJJ24	USD 1m	0.85%	0.75%	10%
Port Hdg CHF I Acc	PLRCAPT ID	IE000OB2CIJ5	BP0VML2	USD 1m	0.85%	0.75%	10%
GBP RA Dist*	SNGIHPI ID	IE00B5NH4W20	B5NH4W2	-	1.35%	1.25%	N/A
GBP RB Acc*	SNGIHPA ID	IE00B63V4760	B63V476	-	1.35%	1.25%	N/A
GBP I Dist (E)*	HISIPEI ID	IE00B4XZ9Q84	B4XZ9Q8	USD 1m	0.85%	0.75%	N/A
GBP I Acc (F)*	HISIPFA ID	IE00B61MW553	B61MW55	USD 1m	0.85%	0.75%	N/A

***These share classes are closed to new investors.**

†**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** 10% of outperformance of MSCI Daily Net TR World Insurance Index.

Fund Managers' Comments

In July, the Fund (GBP R Acc Share Class) returned 1.0% versus 0.7% for the MSCI World Insurance Daily Net Total Return Index benchmark, 2.2% for the MSCI World Daily Net Total Return Index, 2.6% for the FTSE All Share Total Return Index and 2.1% for the S&P 500 Total Return Index (all in sterling terms).

Year-to-date, the Fund (GBP R Acc Share Class) returned -3.1% versus -2.6% for the MSCI World Insurance Daily Net Total Return Index benchmark, 11.9% for the MSCI World Daily Net Total Return Index, 5.3% for the FTSE All Share Total Return Index and 13.5% for the S&P 500 Total Return Index (all in sterling terms).

Strong start to 2Q23 earnings

Second quarter earnings season has started well. Most of our companies that have reported to date have comfortably beaten market expectations. 2Q23 has been a particularly heavy catastrophe quarter in the US, which has had a disproportionate impact on US regional insurers and certain national carriers. However, the impact on our portfolio has been modest, given its skew to the specialty underwriters and reinsurers, with the latter helped by increased attachment points leaving more of the risk with primary insurers. Underwriting margins continue to be excellent and top line premium growth continues to positively surprise most analysts. Our early reporters — **Arch Capital**, **Everest Group**, **Beazley** and **RLI**— all reported growth in net written premium exceeding 20% while **The Travelers Group (Travelers)**, **RenaissanceRe Holdings** and **Progressive** were not far behind in the mid/high teens. Investment income continues to rise materially given higher short-term bond yields and the strong cashflow that results from excellent top-line growth.

Commercial lines insurance; pricing re-accelerating

2Q23 results have provided further evidence that US commercial lines pricing is re-accelerating as we had anticipated. **Chubb** noted its overall rate rises for its North America commercial book at 8.7% in 2Q23 vs 6.4% in 1Q23 and 3.9% in 4Q22. While Chubb's business mix skews more to medium sized and large commercial business, we are seeing the same trend for smaller accounts.

Rate rises for **Travelers'** SME business rose 7.2% in 2Q23, a step up from the c.5% rate rises seen in the previous five quarters. Importantly, Travelers reported a record retention rate of 88% for this business. Despite the company pushing on price, they were able to renew a record amount of existing business. This shows strong evidence that the rest of the market is similarly increasing prices, perhaps at even higher levels, which means it is likely the current higher rate rises we are seeing will persist for some time.

Rate rises are particularly pronounced in the excess and surplus (E&S) market, where risks that are more difficult to underwrite are placed. In recent years a growing proportion of risk has been shifting from standard markets typically underwritten by the High Street names, to the specialty underwriters which make up much of our portfolio. Submission flow (that is the opportunity to write new business) continues to remain robust with **RLI** noting on their 2Q23 earnings call that this was up over 20% again in the quarter. RLI's E&S property premium was up 86% in the quarter with hurricane rates increasing 49% and earthquake rates 14%.

The E&S pricing index from Amwins, a wholesale broker, showed property rates rising c.27% y/y in 2Q23, a step up from the low double-digit increases of 2021 and mid/high double-digit rises of 2022. Across all lines, its pricing index rose 15.1% in 2Q23 compared with 14.2% in 1Q23 and 12.8% in 4Q22. Casualty pricing continues to rise in the high single digits, which we believe is ahead of loss cost inflation. Professional lines have become more competitive, particularly public directors and officers' insurance (D&O), which is a combination of very significant price rises in 2020-22 and lower activity from capital markets influenced business. A common word used to describe the current US commercial market is 'rational' and there have been no signs of aggressive competitive behaviour. Underwriting discipline is also being well underpinned by a hard reinsurance market.

A multi-year hard reinsurance market

Reinsurer 2Q23 earnings were strong. Despite a heavy catastrophe quarter where US losses exceeded $20bn, very little of the loss was borne by the reinsurers. This is clear evidence of how reinsurers have moved away from risk by raising retentions — something that isn't always captured in the headline premium rate change numbers.

Pricing commentary was very bullish and consistent with our expectations. **RenaissanceRe** noted on their 2Q23 earnings call that US mid-year renewals averaged 30-50% increases, bringing them into line with the hard reset in pricing we saw at the 1 January renewals. **Everest Group** went a step further, saying they believed June/July pricing is better than they achieved earlier in the year.

There remains a significant demand/supply imbalance in the catastrophe reinsurance market that we expect to persist at least into 2024, if not beyond. Given the dislocation at the 1 January renewal it has become clear that buyers were not able to buy all the reinsurance protection they wanted. As the strong price rises in the primary market noted above start to earn through this will, in turn, increase their ability to buy more reinsurance cover. **RenaissanceRe** noted:

"[At 1 January] the demand was there for buyers. They just didn't have the wallet to be able to purchase what they needed. I think in order for that to change, they need rate. So we're watching what's going on with primary market, particularly admitted [standard] market rate change. As that becomes more wholesome, I think the appetite or they'll be able to realize the budget to be able to purchase the limit that they desire. So they are getting rate. Obviously it takes a while to run through the books there, but I believe the appetite has not gone away. It's simply a matter of managing the limited wallet they have for reinsurance right now…. we are seeing some signs of increased demand coming to the market."

The amount of new capital that has come into the reinsurance market has been very modest and likely more than offset by lower risk appetite from other market participants. **Everest Group** commented on their 2Q23 earnings call:

"We've also seen no capital formation of any meaningful extent, obviously putting our capital raise aside [$1.5bn], and I've heard nothing meaningful in the pipeline that's going to really change that."

We remain in the early stages of a multi-year hard reinsurance market. **Everest Group** management continued by noting:

"I haven't met anybody in this industry who because they may have some additional capital coming into 1/1 wants to trade down or auction down pricing in property cat…. So our expectation going into 1/1 is that we're going to push hard for increased rates."

Organic growth for the brokers remains robust

It was another excellent quarter for the (re)insurance brokers as they extended the best run of quarterly underlying revenue growth in over

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two decades. **Marsh McLennan** reported second quarter organic growth of 11%, which accelerated from 9% in the first quarter and was all the more impressive against double-digit comparatives in the prior year. This led the company to increase its organic growth guidance for 2023.

Marsh McLennan is particularly well placed for growth as it continues to benefit from their acquisition of JLT Group, as well as hiring significant new talent into the organisation in part due to the market disruption arising from Aon's failed bid for peer Willis Towers Watson in 2020/21. Broker earnings are also benefiting from the increase in short-term interest rates given they earn income on the cash received from clients before this is moved on to the underwriters. At Marsh McLennan this income increased from $17m in the prior year to $199m in first six months of the year, which was worth nearly 2% on revenue growth, providing optionality on investing for future growth or letting it drop straight to the bottom-line, boosting margins.

Outlook

1H23 results have laid the foundations for an excellent year for our companies and there is every reason to expect this will persist for the foreseeable future. Book value growth is well on track to meet our 3% expectation for the quarter, giving 11% for the first half of the year. Over the 24+ years of the Fund, book value growth has compounded at c.10% per annum. We believe our companies have delivered this historic annual growth in just six months. This starkly illustrates just how much the fundamental earnings power of our companies has changed given the significant improvement in (re) insurance market dynamics and uptick in short term interest rates we have seen in recent years. In our view this is deserving of much higher valuations and, as a result, we continue to struggle to understand why multiples have drifted lower this year, a sentiment shared by many of our management teams. **Chubb** CEO Evan Greenberg's response to a question around the uptick in their share repurchases in 2Q23 summed it up, "We think we're undervalued, we're buyers".

Nick Martin & Dominic Evans

2 August 2023

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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.

Administrator Details

Northern Trust International Fund Administration Services (Ireland) Ltd

Telephone	+(353) 1 434 5007
Fax	+(353) 1 542 2889
Dealing	Daily
Cut-off	15:00 Irish time

- 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

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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 Investor 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 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 is available online at the above website, or by contacting the above email address. This document is provided and approved by both Polar Capital LLP and Polar Capital (Europe) SAS.

Polar Capital LLP is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom, and the Securities and Exchange Commission ("SEC") in the United States. Polar Capital LLP's registered address is 16 Palace Street, London, SW1E 5JD, United Kingdom.

Polar Capital (Europe) SAS is authorised and regulated by the Autorité des marchés financiers (AMF) in France. Polar Capital (Europe) SAS's registered address is 18 Rue de Londres, Paris 75009, France.

Polar Capital LLP is a registered Investment Advisor with the SEC. Polar Capital LLP is the investment manager and promoter of Polar Capital Funds plc – an open-ended investment company with variable capital and with segregated liability between its sub-funds – incorporated in Ireland, authorised by the Central Bank of Ireland and recognised by the FCA. Bridge Fund Management Limited acts as management company and is regulated by the Central Bank of Ireland. Registered Address: Percy Exchange, 8/34 Percy Place, Dublin 4, Ireland.

Benchmark The Fund is actively managed and uses the MSCI Daily TR World Net Insurance Index as a performance target and to calculate the performance fee. 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 comparisons. Further information about the benchmark can be found www.mscibarra.com. The benchmark is provided by an administrator on the European Securities and Markets Authority (ESMA) register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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Country Specific Disclaimers When considering an investment into the Fund, you should make yourself aware of the relevant financial, legal and tax implications. Neither Polar Capital LLP nor Polar Capital Funds plc shall be liable for, and accept no liability for, the use or misuse of this document.

The Netherlands This factsheet is for professional client use only in the Netherlands and it is intended that the Fund will only be marketed to professional clients in the Netherlands. Polar Capital Funds plc is authorized to offer shares in the Polar Capital Funds plc - Global Insurance Fund to investors in the Netherlands on a cross border basis and is registered as such in the register kept by the Dutch Authority for the Financial Markets ("AFM") www.afm.nl.

Spain The Fund is registered in Spain with the Comisión Nacional del Mercado de Valores ("CNMV") under registration number 771.

Switzerland The principal fund documents (the prospectus, KID/KIIDs, 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 and paying agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

Important Information (contd.)

Austria / Belgium / Denmark (professional only) / Finland / France / Germany / Gibraltar / Ireland / Italy / Luxembourg / Netherlands / Norway / Portugal / Spain / Sweden / Switzerland and the United Kingdom The Fund is registered for sale to all investors in these countries. Investors should make themselves aware of the relevant financial, legal and tax implications if they choose to invest.

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