



USD Class I Dist | ISIN: IE00BCDBX261

### NAV per Share

USD Class I Dist US\$9.18

### Fund Details

Fund Size	US\$656.9 m
Base Currency	USD
Denominations	USD/GBP/EUR
Fund Structure	UCITS
Domicile	Ireland
Listing	Euronext Dublin
Launch Date	30 August 2013
Investment Manager	Polar Capital LLP
SFDR Classification	Article 8

**Historic Yield (%)<sup>1</sup>** **5.76**

### Fund Managers



#### David Keetley

##### Fund Manager

David has managed the fund since launch, he joined Polar Capital in 2010 and has 37 years of industry experience.



#### Stephen McCormick

##### Fund Manager

Stephen has managed the fund since launch, he joined Polar Capital in 2010 and has 37 years of industry experience.



#### David Sugarman

##### Fund Manager, Head of Convertible & Credit Research

David has managed the fund since 2022, he joined Polar Capital in 2011 and has 20 years of industry experience.

### Fund Ratings



Ratings are not a recommendation.

## Fund Profile

### Investment Objective

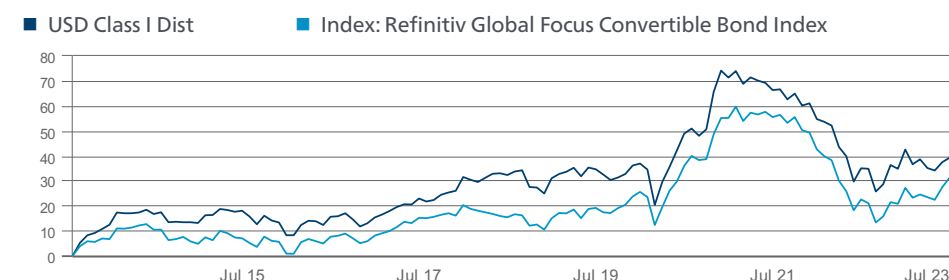
The Fund's investment objective is to generate both income and long term capital growth by investing in a diversified portfolio of securities, primarily in the global convertible market.

### Key Facts

- Team of six sector specialists based in London and Connecticut
- The team has 125+ years of combined industry experience
- Typically 60-100 positions with geographic and sector diversification
- Fundamentally-driven convertible analysis. No benchmark constraints
- Ability to hedge interest rates

## Share Class Performance

### Performance Since Launch (%)



	1m	3m	YTD	1yr	3yrs	5yrs	Cum.	Ann.
USD Class I Dist	1.31	3.03	3.26	3.11	-6.51	5.22	39.20	3.39
Index	3.02	6.28	8.63	7.08	-3.51	13.70	31.20	2.77

### Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Return
2023	5.71	-4.14	1.46	-2.53	-0.74	2.46	1.31	-	-	-	-	-	3.26
2022	-3.91	-0.71	-0.98	-5.65	-2.58	-7.22	4.09	-0.15	-6.75	2.31	5.99	-1.10	-16.27
2021	-1.61	1.52	-2.93	1.54	-0.76	-0.53	-1.71	0.18	-2.40	1.41	-2.91	0.56	-7.52
2020	0.59	-1.75	-10.56	7.56	4.71	4.87	4.79	1.34	-1.92	1.76	9.96	5.13	27.92
2019	4.88	1.30	0.68	1.20	-2.51	2.66	-0.52	-1.56	-1.66	0.77	1.07	2.56	8.97
2018	4.37	-0.84	-0.69	1.31	1.22	0.15	-0.53	1.06	0.37	-4.99	-0.16	-1.89	-0.87
2017	2.04	1.04	1.20	1.36	0.92	-0.08	1.99	-0.98	0.49	1.72	0.72	0.56	11.50
2016	-4.50	0.00	3.79	1.51	-0.18	-1.32	2.94	0.17	1.04	-2.05	-2.53	1.16	-0.26
2015	-0.26	2.74	0.09	2.06	-0.34	-0.59	0.34	-1.95	-2.68	3.02	-1.64	-0.70	-0.09
2014	1.54	4.36	-0.26	0.00	0.26	0.94	-1.44	0.60	-3.41	0.18	-0.18	0.00	2.44
2013	-	-	-	-	-	-	-	-	5.20	2.85	0.83	1.47	10.70

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

Performance for the USD Class I Dist. The class launched on 30 August 2013. Performance data is shown in USD. 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. Historic yield is based on a NAV per share of US\$9.18 and income of US\$0.5288 per unit paid in the last 12 months, based on USD 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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Source & Copyright: CITYWIRE. David Keetley & Stephen McCormick have been awarded a Plus rating by Citywire for their 3 year risk-adjusted performance using an absolute return methodology for the period 30/06/2020 - 30/06/2023.

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## Portfolio Exposure & Attribution

As at 31 July 2023

### Top 5 Positions (Net Exposure by LMV) (%)

MP Materials 0.25% 04/2026	5.7
Jet2 1.625% 06/2026	5.5
Blackline 0% 03/2026	4.6
Shaftesbury Capital 2% 03/2026	3.9
IAG 1.125% 05/2028	3.5

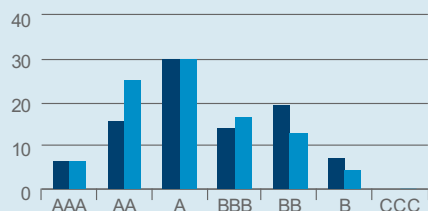
**Total** **23.2**
**Total Number of Positions** **73**
**Modified Duration** **1.67**
**Leverage (LMV/AUM)** **120.75%**

### Market Cap Underlying Stocks (%)

Large (>US\$5bn)	59.5
Medium (US\$500m to 5bn)	39.3
Small (<US\$500m)	1.2

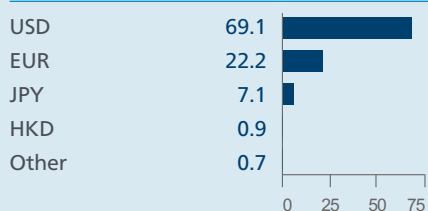
**Fund Delta** **52.64%**

### ESG Rating (%) ■ Fund ■ Index



Source: MSCI

### Currency Breakdown AUM (%)



### Risk / Return Since Inception

Best Month (%)	9.96
Worst Month (%)	-10.56
Positive Months (%)	57.98
Volatility of Returns (%)	8.01
Sharpe Ratio	0.30

### Performance Attribution - 1 Month (%)

#### Top Contributors

Ivanhoe Mines 2.5% 04/2026	0.27
Rivian Automotive 04/2023	0.23
Nordex Se 4.25% 04/2030	0.17
SBI Holdings Inc 0% 09/2023	0.15
ON Semiconductor 0.5% 03/2029	0.15

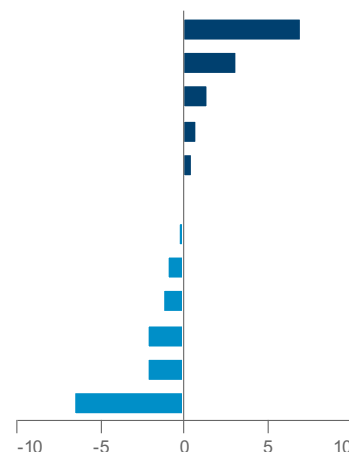
#### Top Detractors

Jet2 1.625% 06/2026	-0.15
Array Technologies 1% 12/2028	-0.12
Lumentum 1.5% 12/2029	-0.10
Vertex Energy 6.25% 10/2027	-0.08
SGL Carbon 5.75% 09/2027	-0.07

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

### Sector Exposure (LMV) (%)

	Fund	Relative
Materials	11.9	7.0
Consumer Discretionary	16.2	3.2
Healthcare	14.4	1.4
Financial	3.9	0.9
Energy	4.9	0.5
Real Estate	4.9	0.2
Telecom	3.9	-0.2
IT	22.1	-0.9
Consumer Staples	0.0	-1.2
Transportation	6.3	-2.1
Industrial	11.6	-2.2
Utilities	0.0	-6.5



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.

### Credit Quality (%)

A-AAA	13.3
BBB	16.5
BB	50.5
B	19.6

Source: Polar Capital

### Maturity Distribution by LMV (%)

0 to 3 Years	50.5
3 to 5 Years	33.1
5 to 7 Years	14.9
7 to 10 Years	1.5

### Weighted Avg Credit Quality

BB+

### Regional Exposure by LMV (%)

#### Polar Capital Global Convertible Fund

US	47.0
Europe	27.2
Japan	10.5
Asia ex Japan	11.6
Other Markets	3.7



#### Refinitiv Global Focus Convertible Bond Index

US	55.9
Europe	24.0
Japan	7.0
Asia ex Japan	9.5
Other Markets	3.6



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

The Fund returned 1.31% in July, taking its return since inception to 39.20% (USD I Acc Share Class). In comparison, the Refinitiv Global Focus Convertible Bond Index returned 3.02% and 31.20%, respectively (in dollar terms).

### Market review

July was an extremely strong month for risk assets. Inflation prints on both sides of the Atlantic came in softer during the month, fuelling hopes that the cycle of western central bank rate increases may be nearing their conclusion. With GDP growth in the US positively surprising for Q2, this led to predictions of a soft landing becoming the norm with even longstanding bears such as Mike Wilson at Morgan Stanley throwing in the towel and predicting an ongoing positive environment for stocks.

Consequently, equity markets rose in close lockstep during the month. The MSCI World Index rose 3.3% with the NASDAQ (3.8%), S&P (3.1%), EuroStoxx 600 (2.0%), and TOPIX (1.5%) all posting similar results. Even the Russell 3000 Value and Growth indices showed little deviation from this trend (3.6% and 3.4%, respectively). The most noteworthy aspect of this rally was the significant outperformance of heavily shorted equities – the Goldman Sachs Most Short Basket Rolling stocks rose 17.0% in the month as investors abandoned their bearish bets en masse. Indeed, Goldman Sachs noted July was in the 95<sup>th</sup> percentile of short covering months as the American Association of Individual Investors (AAII) reported only 24.1% of respondents identified as bearish, down from 27.5% in June and the lowest figure in over two years.

This enthusiasm extended to all asset classes. Credit risk was materially tighter on both sides of the Atlantic with the CDX North American High Yield Index and iTraxx European Crossover Index tightening 21bps and 20bps respectively. Similarly, industrial (copper 5.7%; oil 15.8%; nickel 8.6%), hard (gold 2.4%; silver 8.7%) and soft commodities rallied (S&P GSCI Agricultural Index 2.5%), while interest rates were generally unchanged on the month.

While we note the significant progress made on curbing inflation, we believe the market's ebullient mood may be somewhat overdone. In particular, we note economic data during the month, backward-looking GDP and inflation reports aside, was decidedly mixed in the US and downright depressing in the EU. In the US, leading economic indicators continued to decline, ISM reports missed expectations (with manufacturing labour demand contracting) and inventories continued to rise to historically high levels. On the latter, we note FactSet calculated that S&P 1500 inventory days on hand rose to 80 days during the month. This is a record by a huge margin as, prior to Covid, this figure had never exceeded 68 days and represents a headwind to future growth and a recessionary risk if consumer demand proves incapable of clearing this.

Finally, we also note the downbeat commentary from all the major recruitment firms who reported during the month, each of whom noted a slowdown in hiring demand. In particular, we found the following two quotations from earnings calls during the month particularly eye-opening:

- "As an industry and as a business, we are already operating in an environment that is indicative of what we would call a ... recessionary level." Jonas Prising, Manpower CEO
- "Clients are more cautious, more conservative, more tentative than we had counted on. They got modestly more so throughout the

quarter.... That [change] was broad.... It impacted everything."  
Keith Waddell, Robert Half CEO

While these reports are anecdotal, as they come from firms at the sharp end of the hiring industry, they are worth considering. As they stand in stark contrast to the overall Goldilocks mood and to the backward-looking economic data, they do provide reason for caution when considering the potential near-term economic performance and medium-term direction of risk assets.

### Fund activity

Fund performance, in base currency, was positive in June, driven by the materials, IT and industrial sectors.

With respect to portfolio construction, we retain an overweight to Japanese convertibles as we keep a constructive view of the Tokyo Stock Exchange's (TSE) moves to improve return on capital. Moreover, the Bank of Japan's muted movements to 'normalise' their yield curve control measures in July suggest an ongoing supportive environment for equities. We hold this overweight Japanese exposure at the expense of an underweight exposure to Europe.

The largest individual contributors to Fund performance came from **Ivanhoe Mines**, **Rivian Automotive**, and **Nordex**.

**Ivanhoe Mines** is a copper-focused miner with operations in both the Democratic Republic of Congo and South Africa. The Fund benefitted as the equity rose 15.6% during the month as copper futures rose 7%.

**Rivian** is a US-based electric vehicle manufacturer. The Fund benefitted from the 65.9% rise in the shares during the month which occurred in the absence of defined catalysts. We believe short covering and technicals may have played a significant role in this move.

**Nordex** is a European-based onshore wind turbine manufacturer. The Fund made profits as the underlying equity rose 15.6% on the month, driven by positive commentary in the market suggesting the wind power market may be entering a period of greater stability and price discipline, which should boost profitability for Nordex.

Conversely, the largest detractors to performance in July came from **Lumentum**, **Array Technologies**, and **Jet2**.

**Lumentum** is a US-based supplier of optical communications equipment in the US. This is a highly convex bond trading near par, but the Fund made losses as the stock fell 7.7% in July following sector downgrades by analysts.

**Array Technologies** is a manufacturer of solar panel trackers for utility-scale solar farms. The stock fell 15.7% during the month on concerns about the solar market in the US following weak results from SunPower, Enphase and SolarEdge. We note that these are all residential-focused companies and thus have little read-through to Array. Indeed, Array's primary competitor, NexTracker, reported very strong results in July which allowed it to rise on the month. We thus maintain a position in Array in advance of their earnings announcement in August.

**Jet2** is a UK tour and travel operator. We made losses as the equity fell 9.8% in July despite a solid earnings report, as investors expressed concern over whether the company would be able to continue demonstrating such strong results in the face of a consumer slowdown.

### Market outlook

We believe markets are at an interesting juncture. Many investors entered 2023 expecting a near-term recession on the back of the

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global interest rate cycle. However, since Silicon Valley Bank's default and the subsequent banking scare in the spring, economic data has largely surprised to the upside and there is widespread hope that the US Federal Reserve has successfully cured inflation without engendering a recession – a textbook soft landing. This has resulted in a significant change in investor risk appetite and equity ownership. As the AAll data demonstrates, investors are now at historically high levels of bullishness and many of the most bearish Wall Street analysts have thrown in the towel.

Consequently, equities have rerated significantly and now trade at historically high multiples - 20x current-year EPS with double-digit EPS growth expected for both 2024 and 2025. With current interest rate levels, it leaves the US equity risk premium at multi-decade lows.

As noted above, we see reasons to be concerned that consensus may be too optimistic and valuations somewhat too extended. However, at the same time, most corporate balance sheets remain in good shape and healthy companies retain sufficient access to capital.

We believe this continues to represent an opportune environment for convertible bond investors and remain positive about the prospects for our portfolio.

Therefore, we remain fully invested but have been very careful about ensuring our portfolio retains strong convexity. In particular, our portfolio's average bond price is 100% with equity sensitivity of 52%, a strong positive yield (we typically distribute around 1.5% quarterly) and moderate premium. In conjunction with ongoing strong credit quality, we believe this is the best way to protect the Fund's capital against the potential retracement of equity markets while retaining upside optionality should economic data continue surprising to the upside.

**David Keetley and Stephen McCormick**

8 August 2023



## Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF <sup>†</sup>	Ann. Fee	Perf. Fee <sup>††</sup>
USD I Acc	PCGCIUA ID	IE00BCDBX378	BCDBX37	USD 1m	1.10%	1.00%	10%
USD I Dist	PCGCIUD ID	IE00BCDBX261	BCDBX26	USD 1m	1.10%	1.00%	10%
GBP I Acc	PCGCIGA ID	IE00BCDBX717	BCDBX71	USD 1m	1.10%	1.00%	10%
GBP I Dist	PCGCIGD ID	IE00BCDBX600	BCDBX60	USD 1m	1.10%	1.00%	10%
EUR I Acc	PCGCIEA ID	IE00BCDBX592	BCDBX59	USD 1m	1.10%	1.00%	10%
EUR I Dist	PCGCIED ID	IE00BCDBX485	BCDBX48	USD 1m	1.10%	1.00%	10%
<b>Currency Hedged<sup>1</sup></b>							
Curr Hdg GBP I Dist	PGCIDGH ID	IE00BYWG2G32	BYWG2G3	USD 1m	1.10%	1.00%	10%
Curr Hdg EUR I Acc	POGCIHE ID	IE00BYPHSR67	BYPHSR6	USD 1m	1.10%	1.00%	10%

<sup>†</sup>**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.

<sup>††</sup>**Performance Fee** 10% of outperformance of Refinitiv Global Focus Convertible Bond Index.

1. All material currency exposures hedged to the extent it's practicable.

## 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 equities, convertible and fixed income securities and 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 use of derivatives will result in the Fund being leveraged (where market exposure and the potential for loss exceeds the amount the Fund has invested) and in these market conditions the effect of leverage will magnify losses. The Fund makes extensive use of derivatives.
- 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

## 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

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.

- There may be times where the issuer or guarantor of a fixed income (or convertible) security cannot meet its payment obligations or has their credit rating downgraded, resulting in potential losses for the Fund.
- 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.

## 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 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.

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## Important Information (contd.)

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 Refinitiv Global Focus Convertible Bond 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 <https://www.refinitiv.com/en/financial-data/indices/convertible-indices>. 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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**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.

**Austria / Belgium / Denmark (professional only) / Finland / France / Germany / Gibraltar / Ireland / Italy / Liechtenstein / 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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for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/).

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