



USD Class I Acc Hdg | ISIN: IE00BD3BW042

### NAV per Share

USD Class I Acc Hedged US\$24.88

### Fund Details

Fund Size	US\$2,877.6 m
Base Currency	GBP
Denominations	GBP/USD/EUR
Fund Structure	UCITS
Domicile	Ireland
Launch Date	16 October 1998
Investment Manager	Polar Capital LLP
SFDR Classification	Article 8

### 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 25 years of industry experience.



#### Dominic Evans

##### Fund Manager

Dominic has managed the fund since 2022, he joined Polar Capital in 2012 and has 15 years of industry experience.

## Fund Profile

### Investment Objective

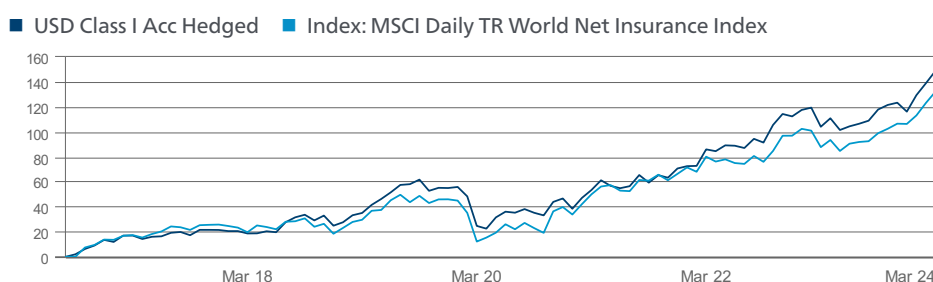
The Fund aims to provide an attractive total return, irrespective of broader economic and financial market conditions, by investing in companies operating within the international insurance sector.

### Key Facts

- Managed by industry professionals
- Low correlation to broader equity markets
- 25+ 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 (%)<sup>1</sup>



	1m	3m	YTD	1yr	3yrs	5yrs	Since Launch	
							Cum.	Ann.
USD Class I Acc Hdg	4.14	15.10	15.10	21.93	62.16	84.25	148.81	12.86
Index	4.06	12.54	12.54	23.68	54.84	79.16	135.92	12.06

### Discrete Annual Performance (%)

12 months to	28.03.24	31.03.23	31.03.22	31.03.21	31.03.20
USD Class I Acc Hdg	21.93	9.74	21.20	23.07	-7.68
Index	23.68	4.24	20.09	33.71	-13.46

### Calendar Year Performance (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
USD Class I Acc Hdg	1.79	24.44	16.36	-5.38	24.15	2.81	6.99	-	-	-
Index	4.78	18.37	18.99	-4.23	23.29	-5.84	10.55	-	-	-

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

Performance for the USD Class I Acc Hedged. The class launched on 15 September 2016. Performance data is shown in USD. 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. Since launch of the MSCI Daily Net TR World Insurance Index on 30 October 1998.

### Fund Ratings



Ratings are not a recommendation.

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## Portfolio Exposure

As at 28 March 2024

### Top 10 Positions (%)

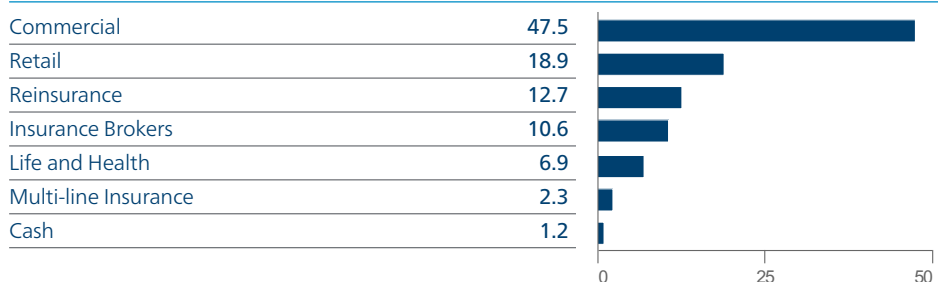
Arch Capital	9.5
RenaissanceRe Holdings	7.8
Chubb	6.7
Marsh McLennan	6.6
WR Berkley	5.8
Essent Group	4.8
Fairfax Financial Holdings	4.8
Everest Group	4.4
Progressive Corp	4.2
Markel	4.2

**Total** **58.9**
**Total Number of Positions** **34**
**Active Share** **70.54%**

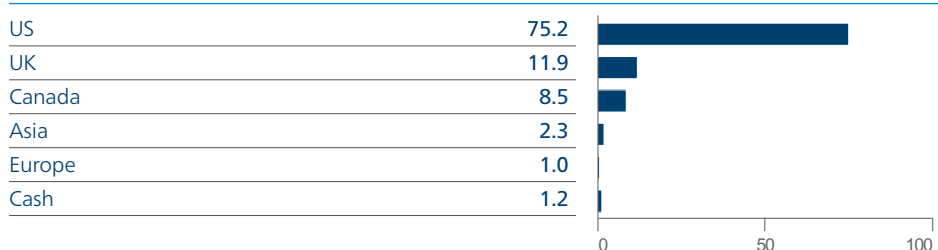
### Market Capitalisation Exposure (%)

Large Cap (>\$20bn)	52.8
Mid Cap (\$5bn - \$20bn)	36.1
Small Cap (<\$5bn)	11.1

### Sector Exposure (%)



### Geographic Exposure by Listing (%)



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 <sup>†</sup>	Ann. Fee	Perf. Fee <sup>††</sup>
USD R Acc	PCFIRUA ID	IE00B5164B09	B5164B0	-	1.33%	1.25%	10%
USD R Dist	PCFIRUD ID	IE00B4X9QT28	B4X9QT2	-	1.33%	1.25%	10%
GBP R Acc	PCFIRGA ID	IE00B4X2MP98	B4X2MP9	-	1.33%	1.25%	10%
GBP R Dist	PCFIRGD ID	IE00B51X0H96	B51X0H9	-	1.33%	1.25%	10%
EUR R Acc	PCFIREA ID	IE00B52VLZ70	B52VLZ7	-	1.33%	1.25%	10%
EUR R Dist	PCFIRED ID	IE00B547TM68	B547TM6	-	1.33%	1.25%	10%
USD I Acc	PCFIUA ID	IE00B4Y53217	B4Y5321	USD 1m	0.83%	0.75%	10%
USD I Dist	PCFIUD ID	IE00B503VV16	B503VV1	USD 1m	0.83%	0.75%	10%
GBP I Acc	PCFIIGA ID	IE00B5339C57	B5339C5	USD 1m	0.83%	0.75%	10%
GBP I Dist	PCFIIGD ID	IE00B530JS22	B530JS2	USD 1m	0.83%	0.75%	10%
EUR I Acc	PCFIEA ID	IE00B55MWC15	B55MWC1	USD 1m	0.83%	0.75%	10%
EUR I Dist	PCFIED ID	IE00B4V4LB63	B4V4LB6	USD 1m	0.83%	0.75%	10%
USD I Acc Hdg	PCGIHU ID	IE00BD3BW042	BD3BW04	USD 1m	0.83%	0.75%	10%
EUR I Acc Hdg	PCGIHE ID	IE00BD3BW158	BD3BW15	USD 1m	0.83%	0.75%	10%
Port Hdg GBP I Dist	POLRCPU ID	IE000E6SKV30	BP0VMM3	USD 1m	0.83%	0.75%	10%
Port Hdg EUR I Acc	PLRGIER ID	IE0001HWFQO2	BPCJJ24	USD 1m	0.83%	0.75%	10%
Port Hdg CHF I Acc	PLRCAPT ID	IE0000B2CII5	BP0VML2	USD 1m	0.83%	0.75%	10%
GBP RA Dist*	SNGIHPID	IE00B5NH4W20	B5NH4W2	-	1.33%	1.25%	N/A
GBP RB Acc*	SNGIHPA ID	IE00B63V4760	B63V476	-	1.33%	1.25%	N/A
GBP I Dist (E)*	HISIPEI ID	IE00B4XZ9Q84	B4XZ9Q8	USD 1m	0.83%	0.75%	N/A
GBP I Acc (F)*	HISIPFA ID	IE00B61MW553	B61MW55	USD 1m	0.83%	0.75%	N/A

\*These share classes are closed to new investors.

<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 MSCI Daily Net TR World Insurance Index.

## Fund Managers' Comments

In March, the Fund (GBP R Acc Share Class) returned 4.1% versus 4.1% for the MSCI World Insurance Daily Net Total Return Index benchmark, 3.1% for the MSCI World Daily Net Total Return Index, 4.8% for the FTSE All Share Total Return Index and 3.2% for the S&P 500 Total Return Index (all in sterling terms).

Year to date, the Fund (GBP R Acc Share Class) has returned 14.9% versus 12.5% for the MSCI World Insurance Daily Net Total Return Index benchmark, 10.0% for the MSCI World Daily Net Total Return Index, 3.6% for the FTSE All Share Total Return Index and 11.8% for the S&P 500 Total Return Index (all in sterling terms).

### Strong 1Q24 earnings expected

On the back of an excellent set of 2023 results we are now looking forward to the 1Q24 earnings reporting season that begins in mid-April. We expect our companies to record another strong quarter of book value growth. While there have been natural catastrophe losses in the quarter, we expect these to be largely borne by personal lines companies to which we have low exposure. There were also several large risk losses, notably the bridge collapse in Baltimore, Maryland, in March which has understandably received headlines and could end up rivaling Costa Concordia (c\$1.5bn loss in 2012) as the largest ever marine insurance market loss. Losses from the bridge are likely well spread around the market given the property damage is expected to be subrogated to the liability cover of the container ship owner.

Most shipowners use the International Group of P&I Clubs for their insurance cover which is effectively a pooling system that retains a relatively small part of each risk, reinsuring most exposure to global reinsurance markets including Lloyd's. Property losses could be mitigated by the US Federal Government given President Biden's comment that they will meet the entire cost of reconstructing the bridge. Other components of the loss include hull damage, cargo, pollution, limited business interruption cover and loss of life. Fund exposure is likely to be limited given the syndicated nature of the marine market, the existence of substantial reinsurance coverage and the fact the portfolio's marine insurance exposure is c1%. We do not believe any of our companies will have an outsized exposure to the Baltimore bridge with this event equivalent to a modest low billion-dollar hurricane or Midwest tornado loss for reinsurers. In short, we are expecting another strong quarter of underwriting profitability.

Earnings will also benefit from rising investment income given growing investment portfolios alongside the rise in short-term bond yields we saw in 2022, which are continuing to flow through to reported profits. We expect modest marked-to-market losses on government bond portfolios given the rise in short-term interest rates in Q1 with the US 2-year Treasury yield up 37bps to c4.6%. However, these should be offset by gains in other parts of investment portfolios. Overall, we expect a c1% total investment return for our companies which, combined with strong underwriting profitability, should see book value growth averaging 5% across the portfolio for the quarter. We therefore remain comfortably on track for our companies to deliver our 16%+ book value growth expectation for 2024.

### Fund performance and sector valuation

The Fund (GBP R Acc Share Class) returned c15% in 1Q24 with an immaterial impact from currency movements. We estimate this return comprises the c5% book value growth noted above and c10% from rising price-to-book valuations.

Valuation multiples have moved higher this year, however they have yet to fully recover what we think was unjustifiably lost in 2023 when the sector suffered what we believe was a macro-driven derating. We

have long argued that the rise in price-to-book valuations during 2022 was more than justified by an even higher rise in company earnings power given the significant rise in short-term bond yields during that year. Over 2022, expected annual book value growth rose from our historical average of 10-11% to 16%+ by the end of the year, a 50%+ increase. Valuations moved higher in 2022 with the Fund ending the year at c190% price to book. Arguably the sector should have rerated even more based on the step change in earnings outlook. We believe investors were getting more for their money at the end of 2022 than they did at the start. This was then followed by Fund book value growth of 21% in 2023, double the historical average.

However, given Fund performance did not keep up, the price-to-book multiple declined to 170% by year end. Following a solid Q1 we estimate the Fund price to book is now c185%. This is still below where we were at the end of 2022, which we argued was a very attractive entry point for investors, despite further tangible evidence from 2023 of the underlying strength of earnings power. The Fund remains at a significant discount to the US non-life sector despite having, in our opinion, a higher expected book value growth outlook.

For some time now we have sense-checked our valuation multiples by looking at cash-on-cash returns which we define as expected book value growth divided by the price-to-book multiple. Over the 25+ years of the Fund, book value growth has averaged 10-11% and typically investors have paid a price-to-book multiple of 130-140%. That is equivalent to a cash-on-cash return of c8%. With expected book value growth today at 16%+ the prospective cash-on-cash return is 9.5%, significantly above the long-term average of c8%. Consequently, we continue to think there is scope for further multiple expansion. Even if we assumed no material change in valuation multiples, prospective Fund returns would still be compelling should the Fund simply track the mid/high-teens book value growth we expect for the foreseeable future.

We believe the outlook for your money (and ours) is as bright as we can remember. Evan Greenberg, CEO of Chubb, summed it up succinctly in his recently published annual letter to shareholders: *"Our intrinsic value is substantially higher than our current share price, and the beauty: That's intrinsic value at a moment in time. If we are doing our job, it is continuing to increase over time. Chubb remains a bargain hiding in plain sight. .... Our best days are in front of us. The company we have built is our launching pad into the future as we capitalize over time on an enormous number of opportunities we could only dream about a decade or two ago. Acknowledging that ours is a long-term business, we are patient in strategy. Exceeding our ambitious objectives, we are impatient in execution."*

Nick Martin & Dominic Evans

4 April 2024

*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.*



## 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.

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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](http://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.

## 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.

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.

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**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.msicibarra.com](http://www.msicibarra.com). The benchmark is provided by an administrator on the European Securities and

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**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.)

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