
The Directors of Polar Capital Funds public limited company, whose names appear under the heading “Management and Administration” in the prospectus of the Company dated 28th August, 2023 the Prospectus accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

FINANCIAL CREDIT FUND

(a Fund of Polar Capital Funds public limited company)

SUPPLEMENT

DATED 28th DECEMBER, 2023

DEFINITIONS

“Business Day”	means a day (other than Saturday or Sunday) on which commercial banks and stock exchanges/markets in both Dublin and London and in any other or further financial centre which the Directors may determine to be relevant for the operations of the Company on that day are open for business (including dealings in foreign exchange and foreign currency deposits).
“Dealing Day”	each Business Day (provided always there shall be at least one Dealing Day per fortnight).
“SFDR”	means the Sustainable Finance Disclosure Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.
“Share Class” or “Share Classes”	<p>such class of Shares in a Fund as the Directors from time to time designate, the current share classes in respect of the Fund being:</p> <ul style="list-style-type: none"> – Class R GBP Distribution Shares – Class R GBP Accumulation Shares – Class I GBP Distribution Shares – Class I GBP Accumulation Shares – Class R US Dollar Distribution Shares – Class R Euro Distribution Shares – Class R US Dollar Accumulation Shares – Class R Euro Accumulation Shares – Class R Euro Hedged Distribution Shares – Class R Euro Hedged Accumulation Shares – Class R US Dollar Hedged Accumulation Shares – Class R US Dollar Hedged Distribution Shares – Class I US Dollar Distribution Shares – Class I Euro Distribution Shares – Class I US Dollar Accumulation Shares – Class I Euro Accumulation Shares – Class I Euro Hedged Distribution Shares – Class I Euro Hedged Accumulation Shares – Class S GBP Accumulation Shares – Class S GBP Distribution Shares – Class S USD Accumulation Shares – Class S USD Distribution Shares – Class S EUR Accumulation Shares – Class S EUR Distribution Shares
“Valuation Point”	the close of business in the relevant markets on the Dealing Day.

FINANCIAL CREDIT FUND
(the “Fund”)

INTRODUCTION

Polar Capital Funds public limited company (the “Company”) is authorised in Ireland by the Central Bank as a UCITS for the purposes of the UCITS Regulations. The Company is an open-ended investment company with variable capital and is structured as an umbrella fund consisting of a number of different funds. Each fund represents a single portfolio of assets, with segregated liability between funds. Each fund may have more than one Share Class allocated to it. A separate portfolio of assets will not be maintained for separate Share Classes within a fund. As at the date of this Supplement the other existing funds of the Company are: the Global Technology Fund, the Healthcare Opportunities Fund, the Global Insurance Fund, the Financial Opportunities Fund, the North American Fund, the Asian Opportunities Fund (terminated), the Japan Value Fund, the Global Convertible Fund, the Biotechnology Fund, the Healthcare Blue Chip Fund, the European Income Fund (terminated), the European ex UK Income Fund, the UK Value Opportunities Fund, the Artificial Intelligence Fund, the Emerging Market Stars Fund, the Asian Stars Fund, the China Stars Fund, the Global Absolute Return Fund, the Healthcare Discovery Fund, the Smart Energy Fund, the Smart Mobility Fund and the Emerging Market ex-China Stars Fund.

This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent audited annual report and accounts and, if published after such report, a copy of the latest unaudited semi-annual report.

As at the date of this Supplement, the Share Classes in the Fund are as detailed, but additional Share Classes may be added in the future in accordance with the requirements of the Central Bank.

The base currency of the Fund is British pounds.

Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed in the “Risk Factors” section of the Prospectus and this Supplement), can tolerate a medium level of volatility that is generally associated with an income fund, and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long-term. Investors should note that an investment in the Fund may not be appropriate for all investors.

Shareholders and prospective investors should note that all of the fees and expenses of the Fund will be charged to the capital of the Fund. This will have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and “income” will be achieved by foregoing the potential for future capital growth. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.

Shareholders and prospective investors should note that dividends may be paid out of the capital of the Fund. As a result capital may be eroded and distributions may be achieved by foregoing the potential for future capital growth and this cycle may continue until all capital is depleted. The value of future returns may be diminished due to the fact that dividends are payable out of capital.

Additionally Shareholders and prospective investors should note that dividends which are paid out of capital may, under the laws of the jurisdictions in which they may be subject to tax, have different tax implications to distributions of income and investors are recommended to seek advice in this regard.

Distributions, if any, paid during the life of the Fund, may constitute a type of capital reimbursement.

INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide an attractive level of income.

INVESTMENT POLICIES

In order to achieve its objective, the Fund will invest primarily in the senior and subordinated debt securities of financial companies globally.

The types of securities that the Fund can invest in will include senior secured debt, senior unsecured debt, including senior preferred and senior non-preferred securities, Tier 1 debt, Tier 2 debt, Tier 3 debt, Additional Tier 1 debt (AT1) and Restricted Tier 1 debt (RT1) both of which are also known as CoCos or Contingent Convertible Bonds, Core Capital Deferred Shares, preference shares, perpetual preferred stock, trust preferred securities, convertible loan stock, government bonds, including supra-national or municipality bonds, exchange traded funds (ETFs), exchange traded notes, business development companies and investment companies. Investment in Additional Tier 1 debt (AT1) and Restricted Tier 1 debt (RT1) shall not exceed 20% of the net assets of the Fund.

The Fund may also acquire and hold ordinary equity securities in the event that such ordinary equity securities are acquired by way of conversion from another security held by the Fund (e.g. where a CoCo-Bond automatically converts into equity securities of the issuer under certain circumstances, as further described below). It is intended that equity shares acquired by way of conversion from another security held by the Fund will be divested within as reasonable a period as possible having regard to market opportunities and the best interests of the Fund and its shareholders.

Investment by the Fund in the above securities is restricted to securities listed on the Regulated Markets set out from time to time in the Prospectus. Investment will be made in the securities of companies listed or traded on global Regulated Markets. To the extent that the Fund will invest in the securities of companies listed or traded in emerging markets, such investment will not exceed 25% of the Net Asset Value of the Fund.

The Investment Manager will ordinarily endeavour, in normal market conditions, to adhere to the above investment policies. However, the Fund may, from time to time, hold up to 100% of the Fund's Net Asset Value in cash for general cash management and liquidity purposes, or if such investments are considered to be in the best interests of the Shareholders of the Fund. The Fund may invest in money market instruments, such as open ended money market funds comprising of short-term securities representing high quality liquid debt, government bonds (to include both short-term and long-term) and monetary instruments, subject to an overall limit of no more than 10% of the Fund's Net Asset Value being invested in open-ended collective investment schemes.

The Fund may utilise financial derivatives for investment and efficient portfolio management purposes as further detailed below; such financial derivatives may include futures, exchange traded and over-the-counter options, contracts for difference (notional investment in CFDs shall not exceed 10% of the net assets of the Fund), index swaps, total return swaps, forward foreign exchange contracts, currency swaps or participation

notes. The extent that the Fund may be leveraged as a result of the use of financial derivatives for investment purposes will vary but it is expected not to exceed 100% of the Net Asset Value of the Fund in normal market conditions. The global exposure of the Fund shall be measured using the commitment approach.

The following is a description of the types of instruments and financial derivatives which may be used by the Fund.

Core Capital Deferred Shares

Core Capital Deferred Shares (“**CCDS**”) are a form of regulatory capital that can be issued by building societies in the UK. They, along with perpetual preferred stock and preference shares rank junior to all other debt securities (i.e. a deferred share does not have any rights to the assets of a company undergoing bankruptcy until all common and preferred shareholders are paid). The instruments typically have no maturity date, and pay a fixed, discretionary dividend.

Convertible Loan Stock

Convertible loan stock is a debt security that ranks behind other debt and offers holders the right but not the obligation, unless it is a mandatory convertible, to convert their holding into shares at a fixed price on certain dates during the life of the bond.

AT1 and RT1 debt (Contingent Convertible Bonds)

Convertible contingent bonds (“**CoCos**”) are considered complex instruments and a risky investment, and in a stressed market environment, it is difficult to predict how they will perform. While they are primarily issued by financial institutions, they may be issued by different types of firms. CoCos are a relatively new form of hybrid capital and conversion events and/or other trigger events (and other material terms) may develop over time. These securities may or may not embed a derivative. Please see Risk Factors below for further information.

Subordinated Debt

Tier 1, Tier 2, Tier 3, AT1 and RT1s are debt securities issued by financial companies to meet regulatory capital requirements. They rank below senior debt in terms of security and are referred to as subordinated debt. As a result of this subordination, they are higher risk and have a lower credit rating.

In terms of seniority, AT1 and RT1 debt is the most junior, followed by Tier 1 debt, Tier 2 debt and finally Tier 3 debt. The coupons paid on AT1 and RT1 debt securities are discretionary and can be suspended if certain regulatory requirements are breached. Coupon payments on Tier 2 and Tier 3 debt is, however, mandatory, with failure to pay triggering a default.

AT1 and RT1 debt can be written down (permanently or temporarily) or converted into equity if a bank's or insurer's regulatory capital or solvency ratio falls below a minimum threshold. The specific action depends on the terms included in each individual bond's prospectus and can be at the discretion of regulators.

Exchange Traded Notes

Exchange traded notes are debt securities typically issued by banks. The Fund will typically invest in those which are listed or traded on a Regulated Market. The Fund may use exchange traded notes to obtain exposure to an eligible index, market or asset class in line with the investment policy. They are designed to track the total return of an underlying market index or other benchmark minus fees and provide investors with exposure to the total returns of various market indices, including indices linked to stocks, bonds and currencies. The value of an exchange traded note depends on the movements of a stock index or, sometimes, an individual stock. When an investor buys exchange traded notes, the issuer promises to pay the amount reflected in the

index, minus fees upon maturity exchange traded notes can offer investment exposure to market sectors and assets classes that may be difficult to achieve in a cost effective way with other types of investments.

Exchange Traded Futures

Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. The commercial purpose of futures contracts can be to allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Using futures to achieve a particular strategy instead of using the underlying or related security or index may result in lower transaction costs being incurred. The Fund may enter into futures contracts for both efficient portfolio management purposes and investment purposes. Equity index futures may be used to change the sensitivity to equity market price movements, with reference to the market represented by the index underlying the contract.

Options

The Fund may from time to time purchase or sell options for both efficient portfolio management purposes and investment purposes. The types of option contract can include equity option contracts, equity index option contracts, interest rate options, bond option contracts and foreign exchange option contracts. There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option at a specified price. Options may also be cash settled. The Fund may be a seller or buyer of put and call options.

Contracts for Difference

The Fund may enter into Contracts for Difference ("CFDs") for efficient portfolio management purposes. Efficient portfolio management means managing the Fund in a way that is designed to reduce risk or cost or generate income or growth. The Fund may enter into CFDs as a replacement for direct investment in transferable securities in order to avail of cost or liquidity advantages of financial derivatives over transferable securities. CFDs allow a direct exposure to the market, a sector or an individual security. Unlike a forward contract, there is no final maturity, the position being closed out at the discretion of the position taker. In a long CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have increased in value had it been invested in the underlying security or securities, plus any dividends or coupon payments that would have been received on those securities. The Fund may enter into short CFD contracts to reduce risk or cost in the portfolio. In a short CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have decreased in value had it been invested in the underlying security or securities. The Fund must also pay the counterparty the value of any dividends or coupon payments that would have been received on those stocks. CFDs are OTC financial derivatives and the counterparty will usually be an investment bank or broker.

Futures and Index Swaps

The Fund may enter into futures and index swaps contracts for both efficient portfolio management purposes and investment purposes. Futures and index swap contracts may be used to change the sensitivity to equity, bond or interest rates movements, with reference to the market represented by the asset underlying the contract.

Forward Foreign Exchange Contracts

Forwards are not traded on exchanges but are OTC transactions. A forward contract locks in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell a specified currency at a specified exchange rate, at a specified quantity and on a specified future date. Forward foreign exchange contracts may be used for hedging purposes to seek to reduce foreign exchange risk where the assets of the Fund are denominated in currencies other than the base currency, but may also be used to take views on the direction of currency movements.

Currency Swaps

A currency swap contract is an agreement negotiated between two parties to exchange the return on a set amount in one currency for the return on another. The Fund may from time to time enter into currency swap transactions to protect against fluctuations in the relative value of its portfolio positions as a result of changes in currency exchange rates, but currency swaps may also be used to take views on the direction of currency movements.

Swaps or Participation Notes

The Fund may from time to time purchase swaps and participation notes, the underlying securities of which are the types of securities set out above in the section “Investment Objective and Policies”, where access to such underlying securities is difficult or more risk is involved in the local settlement process. The swaps or participation notes (which include index swaps and total return swaps) will only be used to obtain access to a specific security. However the Investment Manager considers that this will only be undertaken in limited markets and limited cases. The local security will be purchased by a local branch of an internationally recognised investment bank/broker who will issue a swap or participation note on the underlying security. The counterparty to the Fund is the internationally recognised investment bank/broker. The Fund will diversify its exposure to counterparties by trading with several internationally recognised investment banks/brokers at any given time. The swap/participation note will be monitored on a daily basis by reviewing the price of the swap/participation note in comparison to the price, or the movement in the price, of the underlying security.

Repurchase and Stock Lending Arrangements

The use of repurchase and stock lending arrangements is permitted for the Fund for the purposes of efficient portfolio management only, subject to the conditions and limits of the Central Bank.

This Fund has been classified as promoting environmental or social characteristics under Article 8 of the SFDR. For further information on the Fund's ESG strategy please refer to the SFDR annex included at Annex I of this Supplement.

SECURITIES FINANCING TRANSACTIONS AND TOTAL RETURN SWAPS

The Fund may engage in securities financing transactions (stocklending arrangements and repurchase/reverse repurchase agreements, or “SFTs”) and total return swaps, as described under “Repurchase / Reverse Repurchase and Stock-Lending Arrangements for the Purposes of Efficient Portfolio Management” and “Financial Derivatives” in the Prospectus. The types of assets that will be subject to securities financing transactions will be equity or fixed income securities, and the underlying asset of a total return swap will be an equity, fixed income security, convertible bond or corresponding index.

The maximum exposure of the Fund in respect of SFTs shall be 100% of the Net Asset Value of the Fund and in respect of total return swaps, shall be a maximum gross exposure of 100%. However, the Investment Manager does not anticipate that a Fund's exposure to SFTs will exceed 20% of the Net Asset Value of a

Fund, and with regard to total return swaps net exposure is likely to remain within the range -20% to +100% of the Net Asset Value of the Fund.

Further details on SFTs are set out in the Prospectus under the heading “Securities Financing Transactions and Total Return Swaps.”

BORROWING RESTRICTIONS

The Company is a UCITS and, accordingly, the Fund is subject to the investment and borrowing restrictions set out in the Regulations. These are set out in detail in Appendix II of the Prospectus.

INTEGRATION OF SUSTAINABILITY RISKS WITHIN THE INVESTMENT PROCESS

Sustainability Risks

Pursuant to Article 6 of the SFDR, the Company is required to disclose the extent to which sustainability risks are integrated into the investment decision making process and the anticipated impacts of those risks on the financial returns of the Fund.

Sustainability risks are defined in the SFDR as environmental, social or governance events or conditions that, if they were to occur, could have actual or potential material negative impacts on the value of the investments of the Fund.

Integration of Sustainability Risks within the Investment Decision Making Process

The Investment Manager integrates sustainability risks within its investment decision making process for the Fund, both at the initial due diligence stage and as part of its ongoing monitoring.

Prior to investing in a security for the Fund, the Investment Manager considers the sustainability risks posed to the issuer of the security by evaluating the sum of the environmental, social or governance risks it faces.

From a governance perspective, an assessment is made of the issuer's approach to risk management reflecting the business models of companies in the sector. Social factors evaluated include the impact of regulation on the issuer and its business model and the issuer's sales practices, financial inclusion and labour practices. Environmental considerations include the issuer's exposure to economies or companies which are significantly exposed to the oil or coal industries. The Investment Manager will consider these sustainability risks in conjunction with the financial analysis it undertakes on the issuer and the specific security that is being considered and will take a balanced approach with regarding to the merits of investing in the relevant security.

During the period that the Fund holds a security, the Investment Manager will monitor the issuer's exposure to sustainability risks by regular monitoring of the above factors. Where, in the view of the Investment Manager, the issuer's or security's exposure to sustainability risks greatly increases during the holding period, this will cause a review of the Fund's position in the security, which may or may not cause the Investment Manager to sell the security.

The sustainability risks relating to securities within the investment universe of the Fund are measured with reference to third party data providers' ratings of the relevant issuer as well as through consideration of the disclosures in issuers' annual reports and meetings or correspondence with management.

Impact of Sustainability Risks on the Returns of the Fund

It is anticipated that the occurrence of sustainability risk events could have a moderate impact on the financial returns of the Fund. The anticipated impact has been assessed through looking at the past performance of securities in the sector when affected by environmental, social or governance failings.

The Investment Manager acknowledges that the Fund's exposure to sustainability risks is changeable in the current environment and shall keep the Fund's exposure to these risks under periodic review. Where the Investment Manager considers, as a result of such a review, that the Fund's exposure to sustainability risks has materially changed, these disclosures will be updated accordingly.

PRINCIPAL ADVERSE IMPACT REPORTING

As permitted under Article 4 of the SFDR, the Manager does not consider adverse impacts of investment decisions on sustainability factors on the basis that it is not a financial market participant that is required to do so given that the Manager had less than 500 employees during the most recent financial year. The Manager may choose at a later date to publish and maintain on its website the consideration of principal adverse impacts of investment decisions on sustainability factors.

The adverse impacts of investment decisions on sustainability factors are considered by the Investment Manager in respect of this Fund, as further detailed in Annex I.

MANAGEMENT AND ADMINISTRATION

Detailed descriptions of the Directors and service providers to the Company are set out in the Prospectus.

Manager

Bridge Fund Management Limited has been appointed as Manager of the Company.

Investment Manager

Polar Capital LLP has been appointed as Investment Manager (the "Investment Manager") in relation to the Fund pursuant to an Investment Management and Distribution Agreement dated 23 May 2018, as novated by a novation agreement dated 6 July 2021 and as amended by a side-letter dated 28 August 2023 and as further described in the section of the Prospectus headed "**STATUTORY AND GENERAL INFORMATION**", sub-section "**Material Contracts**".

The fund managers at Polar Capital LLP with prime responsibility for the Fund will be Nick Brind and Jack Deegan.

Nick Brind joined Polar Capital following the acquisition of HIM Capital in September 2010 and is lead manager of the Fund. His investment experience covers a wide range of asset classes latterly focusing solely on the equity and debt securities of global financial companies. Prior to joining HIM Capital, Nick worked at New Star Asset Management. While there he managed the New Star Financial Opportunities Fund, a high-income financials fund investing in the equity and fixed-income securities of European financials companies.

Previously he worked at Exeter Asset Management and Capel-Cure Myers. At Exeter Asset Management, Nick managed the Exeter Capital Growth Fund from 1997 to 2003 and the Exeter Zero Preference Fund from 1997 to 2000. Nick has a Masters in Finance from London Business School.

Jack Deegan joined Polar Capital in October 2017 and is a fund manager of the Fund. Prior to this, he worked at DBRS Ratings, covering the Swiss market, as a lead analyst, as well as UK, Dutch, Japanese and Australian banks. Before DBRS, Jack worked in the Markets Division of the Bank of England for four years, assessing financial institutions with a view to determining access to the Bank's Sterling Monetary Framework (SMF) facilities, and internal counterparty trading limits. Jack has an MA in Islamic Studies with Arabic from SOAS University of London and a BA in Classical Archaeology and Ancient History from Oxford University.

Administrator and Depositary

The administrator, registrar, transfer agent and secretary to the Company is Northern Trust International Fund Administration Services (Ireland) Limited.

The Depositary of the Company's assets is Northern Trust Fiduciary Services (Ireland) Limited.

VALUATION OF ASSETS

The Net Asset Value of the Fund and the Net Asset Value attributable to the Share Classes, as at the Valuation Point, will be calculated by the Administrator in accordance with the requirements of the Articles and full details are set out under the heading "Statutory and General Information" in the Prospectus. The Net Asset Value of the Fund will be expressed in British Pounds. The Net Asset Value as at the Valuation Point on a Dealing Day will be calculated by the Administrator the next Business Day and will normally be available by 5.00pm (Irish Time) the next Business Day.

The value of financial derivatives or securities which are quoted, listed or dealt in on a Regulated Market shall (save in certain specific cases as further detailed in the Articles and the Prospectus) be the last traded price on such Regulated Market as at the Valuation Point, or the mid-price where no trades occurred on such day. Further details are set out in the Articles of Association and in the Prospectus under the heading of "Statutory and General Information".

DIVIDEND POLICY

Distribution Share Classes

Dividends and Distribution Dates

If sufficient net income is available in respect of the Fund, the Directors' current intention is to declare quarterly distributions (including interest and dividends) in relation to the Distribution Share Classes. Distributions will be declared at the end of each quarter and distributed by the end of the following month, as detailed below, and will comprise substantially the whole of the net income attributable to the Share Classes concerned. Alternatively, dividends may be paid out of capital subject to sufficient capital being available.

Record Date	Ex-Dividend Date	For Distribution By
31-Mar	First Business Day in April	Last Business Day in April

30-Jun	First Business Day in July	Last Business Day in July
30-Sep	First Business Day in October	Last Business Day in October
31-Dec	First Business Day in January	Last Business Day in January

The rationale for providing for the payment of dividends out of capital is to allow the Fund the ability to maintain the level of distribution to investors, should there be a shortfall in net income in any period, but also to grow the level of distribution over time.

In order to enable the Fund to pay a larger distribution amount, the expenses which are attributable to the Fund are charged to capital. The effect of this is that capital will be eroded to allow higher dividends to be paid, thereby reducing the potential for future capital growth.

Income Equalisation

The Fund operates equalisation in relation to all Distribution Share Classes. A Shareholder who has purchased Distribution Shares during a Distribution Period will receive a distribution made up of two amounts:

- income which has accrued from the date of purchase, and
- capital which represents the return of the equalisation element.

The effect is that income is distributed to Shareholders in proportion to the duration of their ownership of the Distribution Shares in the relevant Distribution Period. All Distribution Shares purchased during a Distribution Period will contain in their purchase price an amount called equalisation which represents a proportion of the income (if any) of the Fund, attributable to the relevant Distribution Share Class, that has accrued (but has not been distributed) up to the date of issue. This will be calculated daily and will be available upon request from the Administrator. The amount of equalisation is averaged across all the Shareholders of the relevant Distribution Share Class and is refunded to them as part of the first distribution after their purchase of Distribution Shares. Such returned equalisation may be treated as a return of capital for tax purposes depending on the tax rules in the country where a Shareholder pays tax. Shareholders of all Distribution Share Classes who redeem their Distribution Shares will receive an amount which will include the income accrued to the date of redemption and which may be treated as income for tax purposes, subject to the tax rules in the country where a Shareholder pays tax.

Payment of Dividends

Shareholders of Distribution Shares may elect in their application for Shares either to receive dividends in cash or to reinvest the dividend amount in further Distribution Shares. In the absence of the Shareholder making the election as above, the Fund shall reinvest the dividend payment in Distribution Shares, until otherwise directed in writing by the Shareholder. If dividends are to be paid in cash, they will normally be paid by electronic transfer at the Shareholder's risk and expense.

Failure by a Shareholder (who has specifically elected to receive dividends in cash) to provide required documentation in connection with anti-money laundering procedures will result in dividend payments being held in an Umbrella Cash Account until receipt of required documentation. Further details in respect of the operation of the Company's Umbrella Cash Account are set out in the Prospectus under the section headed "Operation of Umbrella Cash Account".

Any distribution for dividend entitlements of less than 100 British Pounds (or its foreign currency equivalent) in value will automatically be reinvested in the subscription of further Distribution Shares.

Any dividend paid on a Distribution Share that is not being claimed will not earn interest and, if not claimed within six years of its declaration, shall be forfeited and shall be returned to the account of, and for the benefit of the Fund.

Accumulation Share Classes

It is not the current intention to pay dividends in respect of the Accumulation Share Classes.

UK "OFFSHORE FUNDS" REGIME

For the purposes of the provisions of UK tax legislation concerning investment in arrangements that are "offshore funds" for UK tax purposes, each Share Class will separately represent such an "offshore fund". In order to protect the position of Shareholders within the scope of UK taxation, the Directors intend that the Company will elect for each Share Class to be treated as a "reporting fund" under those provisions for each of the Fund's accounting periods. On the assumption that the UK tax authorities accept that election, the treatment of each Share Class as a "reporting fund" should mean that any gain accruing to a Shareholder within the scope of UK taxation of chargeable gains on the sale, redemption or other disposal of Shares will be treated, subject to the Shareholder's individual circumstances, as a capital gain rather than as income.

The status of each Share Class as a "reporting fund" will not be dependent on the Fund's distributing any particular part of its income to Shareholders (as was the case under the provisions, commonly known as the "distributor status" rules, in force prior to the commencement of the "reporting funds" regime). Instead, a Shareholder who is within the scope of UK income taxation will generally be liable, subject to the Shareholder's individual circumstances, to UK income tax or corporation tax on the excess (if any) of the Shareholder's pro rata share of the Fund's "reportable income" for an accounting period over the amount of any dividend payment made to the Shareholder by the Fund in respect of that accounting period.

The Fund's "reportable income", for this purpose, means, broadly, the income shown in the Fund's accounts for an accounting period, subject to the addition of certain sums to the Fund's accounts income in specified circumstances (such as where the Fund invests in other entities which constitute "offshore funds" for UK tax purposes). As explained above under "Dividend Policy", the directors intend that the Fund should make an annual dividend payment to Shareholders out of the investment income earned by the Fund each year.

INITIAL OFFER PERIOD AND PRICE

The Initial Offer Period for the Class S GBP Accumulation Shares, Class S GBP Distribution Shares, Class S USD Accumulation Shares, Class S USD Distribution Shares, Class S EUR Accumulation Shares and Class S EUR Distribution Shares shall commence at 9.00 a.m. (Irish time) on 29th December, 2023 and will close at 5.00 p.m. (Irish time) on 29th December, 2023. The Initial Offer Period may be extended or reduced by the Directors with the consent of the Depositary in accordance with the requirements of the Central Bank.

During the Initial Offer Period the Class S GBP Accumulation Shares, Class S GBP Distribution Shares, Class S USD Accumulation Shares, Class S USD Distribution Shares, Class S EUR Accumulation Shares and Class S EUR Distribution Shares are being offered to investors at 10 British pounds or its foreign currency equivalent. Thereafter, the Class S GBP Accumulation Shares, Class S GBP Distribution Shares, Class S USD

Accumulation Shares, Class S USD Distribution Shares, Class S EUR Accumulation Shares and Class S EUR Distribution Shares will be offered at the Net Asset Value per relevant Share Class.

During the Initial Offer Period, subscription monies must be received by the Administrator no later than 29th December, 2023.

All other Share Classes have launched and are available on any Dealing Day at the Net Asset Value.

MINIMUM SUBSCRIPTION AND MINIMUM HOLDING

Class R GBP Distribution Shares, Class R GBP Accumulation Shares, Class R US Dollar Distribution Shares, Class R Euro Distribution Shares, Class R US Dollar Accumulation Shares, Class R Euro Accumulation Shares, Class R Euro Hedged Distribution Shares, Class R Euro Hedged Accumulation Shares, Class R US Dollar Hedged Accumulation Shares and Class R US Dollar Hedged Distribution Shares.

There is no minimum subscription or minimum holding requirement.

Class I GBP Distribution Shares and Class I GBP Accumulation Shares, Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares.

Subject to the discretion of the Company and the Investment Manager (taking into account applicable local regulations), the Class I Shares are for institutional investors or intended for providers of advisory services or discretionary investment management who:

- I. provide independent advisory services or discretionary investment management; or
- II. have separate fee arrangements with their clients and do not receive or retain trailer fees or any other fee, rebate or payment from the Fund in relation to those services and activities.

The Class I GBP Distribution Shares and Class I GBP Accumulation Shares, Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares are each subject to a minimum subscription of GBP 1 million (or its foreign currency equivalent).

The minimum subscription for all Class I Shares may be waived or reduced at the sole discretion of the Directors. There is no minimum holding requirement.

The aggregate of an investor's investments in the Share Classes in issue or any other Share Class(es) that may be established in the future, may be taken into account for the purpose of satisfying the minimum subscription requirement should an investor wish to switch Share Classes in accordance with the switching provisions set out below.

Class S Shares

The Class S Shares are each subject to a minimum subscription and minimum holding requirement of 5 million US dollars, or foreign currency equivalent.

The Class S Shares will only be available to investors who hold at least 5 million US dollars in the Share Class (subject to the discretion of the Directors to determine otherwise).

It is intended that the Class S Shares will be closed to new investors upon the receipt of subscription monies into the Fund at a level determined by the Directors, at their discretion.

HEDGED CLASSES

The Fund will enter into certain currency related transactions in order to hedge the base currency value of the assets of the Fund attributable to each of the Hedged Classes into the currency of denomination of the relevant Class. Any financial derivatives used to implement such strategies with respect to one or more Hedged Classes shall be assets or liabilities of a Fund as a whole but the gains or losses on and the costs of the relevant financial derivatives will be attributable solely to the relevant Hedged Classes.

Any currency exposure of a Hedged Class may not be combined with or offset against that of any other Class of the Fund. The currency exposure of the assets attributable to a Hedged Class may not be allocated to other Classes.

Where the Company seeks to hedge against currency fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. The Company will seek to manage any hedging transactions so that over-hedged positions will not exceed 105% of the Net Asset Value and under-hedged positions will not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged against currency risk. Hedged positions will be reviewed daily to ensure that over-hedged or under-hedged positions do not exceed or fall short of the permitted levels outlined above and are not carried forward from month to month. To the extent that hedging is successful for a particular Hedged Class the performance of the Hedged Class is likely to move in line (subject to interest rate differentials and associated dealing costs) with the performance of the Fund when measured in its base currency with the result that investors in that Class will not gain if the base currency appreciates against the currency of the Hedged Class.

SUBSCRIPTIONS

Procedure

Before applying for Shares, applicants must first open an account by completing an account opening form as prescribed by the Administrator (the “**Account Opening Form**”) and sending this, and such other papers (including documentation relating to money laundering prevention checks) as may be required by the Company or its delegate, to the Administrator.

Once the applicant has received confirmation from the Administrator that its account has been opened and the applicant has received its account number, the applicant can subscribe for Shares by completing the application form prescribed by the Directors in relation to the Fund (“**Application Form**”). Application Forms shall (save as determined by the Company) be irrevocable.

Applicants are required to obtain a copy of the Key Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Applicants will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Information Document in paper or electronic form. The Key Information Document(s) may be obtained from the Investment Manager on request.

Applicants for Shares must send their completed Application Form by mail, facsimile or by electronic means as may be agreed with the Administrator, provided such means are in accordance with the requirements of the Central Bank, so as to be received by the Administrator no later than 3.00pm (Irish time) on the relevant Dealing Day. If the application is received after the designated time it will be held over until the following Dealing Day and Shares will then be issued at the subscription price in respect of that Dealing Day. Subscription monies must be received no later than three Business Days following the relevant Dealing Day.

Shares in the Company will only be issued to an investor when full supporting documentation in relation to anti-money laundering prevention checks has been received to the satisfaction of the Company and the Administrator.

Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an investor having received a copy of the relevant Key Information Document in paper or electronic form) by mail, facsimile, by electronic means, provided such means are in accordance with the requirements of the Central Bank, or telephone order, and such applications should contain such information as may be specified from time to time by the Directors or their delegate.

All subscriptions will be dealt with on a forward pricing basis, i.e. by reference to the subscription price (as determined below) for Shares as at the Valuation Point on the relevant Dealing Day.

Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The subscription price per Share shall be ascertained by:-

- (a) determining the Net Asset Value attributable to the relevant class of Shares calculated in respect of the relevant Valuation Point on the relevant Dealing Day and adding thereto such sum as the Directors may consider represents an appropriate figure for Duties and Charges;
- (b) dividing the amount calculated under (a) above by the number of Shares of the relevant class of the Fund in issue at the relevant Valuation Point; and
- (c) adjusting thereto such amount as may be necessary to round the resulting amount to the nearest four decimal places.

The latest subscription price for Shares which will include an amount of accrued income (see the description of "Income Equalisation" on page 8) will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the Investment Manager's website.

All Shares purchased during a Distribution Period (see the section headed "Dividend Policy") will contain in their purchase price an amount called equalisation which represents a proportion of the income (if any) of the Fund, attributable to the relevant Class, that has accrued (but has not been distributed) up to the date of issue. This will be calculated daily and will be available upon request from the Administrator.

All Shares will be registered and will be issued in inscribed form only. Ownership will be evidenced by entry on the Company's register of Shareholders and ownership confirmation will be issued to Shareholders.

Fractions of the Shares will, if necessary, be issued to three decimal places. If an applicant requests a whole number of Shares, subscription monies in excess of the amount needed to purchase the Shares will be retained by the Company for the benefit of the Fund.

The Company reserves the right to reject any application in whole or in part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable (in the designated currency of the relevant Share Class) at the risk and cost of the applicant.

The Administrator will issue a written confirmation to successful applicants confirming ownership. Once completed applications have been received by the Administrator, they are irrevocable (unless otherwise agreed by the Directors).

Applications for Shares may be refused and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of any subscription.

An initial fee of up to 3.5% of the subscription price will be payable by applicants for Shares. This fee will be payable at least to the extent that the fees and expenses of intermediaries need to be met but may otherwise be waived if and to such extent as the Directors may determine.

The Directors reserve the right from time to time to resolve to close the Fund to new subscriptions either for a specified period or until they otherwise determine. During any such period, Shares will not be available for subscription.

Method of Payment

Subscription payments net of all bank charges should be paid by telegraphic transfer to the bank account specified at the time of dealing (except where local banking practices do not allow electronic bank transfers). Other methods of payment are subject to the prior approval of the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held over until the subsequent Dealing Day.

Currency of Payment

Subscription monies are payable in the designated currency of the relevant Share Class of the Fund.

However, the Company may accept payment in such other currencies as the Investment Manager may agree at the prevailing exchange rate quoted by the Company's bankers. The cost and risk of converting currency will be borne by the applicant.

REDEMPTIONS

Procedure

Every Shareholder will have the right to require the Company to redeem his Shares in the Fund on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Administrator a redemption request. Shares may be redeemed by written application through the Administrator or by telephone order, or by such other means including facsimile or other electronic means provided that such other means are in accordance with the requirements of the Central Bank.

All redemption requests are dealt with on a forward pricing basis, i.e. by reference to the redemption price for Shares as at the Valuation Point on the relevant Dealing Day.

Redemption requests in respect of the Fund must be received by the Administrator by 3.00pm (Irish time) on the relevant Dealing Day. If the redemption request is received after the designated time it will be treated as a request for redemption on the following Dealing Day and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated as at the relevant Dealing Day.

No redemption payment will be made from an investor's holding until the Account Opening Form and all documentation required by the Administrator (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed. Any withheld redemption proceeds will be held in a non-interest-bearing account until receipt of the Account Opening Form and all documentation required by the Administrator (including any documents in connection with anti-money laundering procedures).

Redemption requests shall (save as determined by the Directors) be irrevocable and may be sent by facsimile at the risk of the relevant Shareholder.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him.

Redemption Price

The redemption price per Share shall be ascertained by:

- (a) determining the Net Asset Value attributable to the relevant class of Shares as at the relevant Valuation Point and deducting therefrom such sums as the Directors may consider represents an appropriate provision for Duties and Charges;
- (b) dividing the amount calculated under (a) above by the number of Shares of the relevant class of the Fund in issue at the relevant Valuation Point; and
- (c) adjusting thereto such amount as may be necessary to round the resulting sum to the nearest four decimal places.

The latest redemption price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the Investment Manager's website.

Fractions

Apart from circumstances in which a Shareholder is redeeming their entire holding of Shares in the Fund:-

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than 0.001 of a Share; and
- (b) redemption monies representing less than 0.001 of a Share will not be returned to a Shareholder but will be retained by the Company for the benefit of the Fund.

Method of Payment

Redemption payments will be made by electronic transfer to the bank account detailed on the Account Opening Form or as subsequently notified to the Administrator in writing, at the risk and expense of the Shareholder.

Currency of Payment

Shareholders will normally be repaid in the designated currency of the relevant Share Class.

Timing of Payment

Redemption proceeds in respect of Shares will be paid within four Business Days after the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator. Redemption payments will not be paid to any party other than the redeeming Shareholder.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him.

Compulsory Redemption

The Company shall have the right to redeem compulsorily any Share at the redemption price or to require the transfer of any Share to a Qualified Holder if in their opinion (i) such Share is held by a person other than a Qualified Holder; or (ii) where the holding of Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or its Shareholders as a whole.

Deferred Redemptions

Where the Company receives in respect of any Dealing Day requests for redemptions which in the aggregate exceed at least 10% of the total number of Shares in issue in that Fund or exceed at least 10% of the Net Asset Value of the Fund on that Dealing Day, the Directors, if in their sole discretion acting in good faith believe it shall be necessary or desirable in order not to prejudice the interests of the Shareholders not making such request, or on the grounds of liquidity or other like reason, may refuse to redeem any Shares in excess of 10% of the total number of Shares in issue in the Fund or in excess of 10% of the Net Asset Value of the Fund. Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed. Shares will be redeemed at the redemption price prevailing on the Dealing Day on which they are redeemed.

Redemptions in Specie

It is not the current intention of the Company to provide for redemptions in specie.

SWITCHING

Shareholders of a Class within the Fund (the “Original Class”) may switch free of any switching charge to another Class(es) within the Fund (the “New Class”) in accordance with the formula and procedures specified below. Switching may be effected written application to the Administrator on such switching form as may be prescribed by the Directors.

No switches will be made during any period in which the rights of Shareholders to require the redemption of their Shares are suspended. The general provisions on procedures for redemptions (including provisions relating to a redemption fee, if any) will apply equally to switching. Notice of switching must be received by the Administrator by 3.00pm (Irish time) on the relevant Dealing Day (or such later time as the Directors may determine).

The number of Shares to be issued in the New Class will be calculated in accordance with the following formula:

$$A = \frac{B \times C \times D}{E}$$

Where

- A = number of Shares of the New Class to be allocated
- B = number of Shares of the Original Class to be converted
- C = redemption price per Share on the relevant Dealing Day for the Original Class
- D = the currency conversion factor determined by the Administrator
- E = subscription price per Share on the relevant Dealing Day for the New Class

FEES AND EXPENSES

General

The Class of Shares of the Fund on offer pursuant to this Supplement shall bear its attributable proportion of the operating expenses of the Company (including the Fund). These are set out in detail under the heading “Fees and Expenses” in the Prospectus. All fees and expenses of the Fund shall be charged to the capital of the Fund.

Subscription of Shares

A subscription fee of up to 3.5% of the Net Asset Value per Share may be charged at the Investment Manager’s discretion.

At the discretion of the Investment Manager, the subscription fee, if applied, may be retained for the benefit of the relevant Fund.

Investment Management Fee Rates

Share Class	Investment Management Fee
Class R GBP Distribution Shares	1.25%
Class R GBP Accumulation Shares	1.25%
Class R US Dollar Distribution Shares	1.25%
Class R Euro Distribution Shares	1.25%
Class R US Dollar Accumulation Shares	1.25%
Class R Euro Accumulation Shares	1.25%
Class R Euro Hedged Distribution Shares	1.25%
Class R Euro Hedged Accumulation Shares	1.25%
Class R US Dollar Hedged Accumulation Shares	1.25%
Class R US Dollar Hedged Distribution Shares	1.25%
Class I GBP Distribution Shares	0.75%
Class I GBP Accumulation Shares	0.75%
Class I US Dollar Distribution Shares	0.75%
Class I Euro Distribution Shares	0.75%
Class I US Dollar Accumulation Shares	0.75%
Class I Euro Accumulation Shares	0.75%
Class I Euro Hedged Distribution Shares	0.75%
Class I Euro Hedged Accumulation Shares	0.75%
Class S GBP Accumulation Shares	0.50%
Class S GBP Distribution Shares	0.50%
Class S USD Accumulation Shares	0.50%
Class S USD Distribution Shares	0.50%
Class S EUR Accumulation Shares	0.50%
Class S EUR Distribution Shares	0.50%

Investment Management Fees

The investment management fee will be accrued daily and will be payable monthly in arrears, equivalent to the amount detailed in the table above, per annum, of the Net Asset Value of each of the above Classes (before deduction for any accrued performance fees, provided that in doing so it is in the Shareholders' best interest) as at the Valuation Day plus VAT (if any).

RISK FACTORS

Potential investors should consider the general risk factors set out in the Prospectus.

In addition, the attention of investors is drawn to the following risk factors:

Contingent Convertible Bonds

Contingent convertible bonds (“CoCos”) are primarily issued by financial institutions as an economically and regulatory efficient means of raising capital. They are a form of contingent hybrid securities, usually subordinated, that feature loss absorbing characteristics and under certain circumstances can convert into equity.

CoCos’ features are designed to meet specific regulatory requirements imposed on financial institutions to fulfil a higher equity capital ratio (ratio of a bank’s core equity capital to its total risk weighted assets) in their own funds and to include loss absorbency features on a going-concern basis before the point of non-viability within their capital structure. Financial institutions may issue debt securities like CoCos instead of new shares because with the issuance of contingent convertible bonds, financial institutions are able to raise their common equity ratio either via mandatory conversion into equity such as shares or via mandatory write down of the principal of the CoCos if certain events occur. While CoCos are primarily issued by financial institutions, they may be issued by different types of firms.

Certain CoCos have “mandatory conversion” features, which means that the instrument consists of debt securities or preferred stocks that convert automatically into equity. Mandatory conversion securities may limit the potential for capital appreciation and, in some instances, are subject to complete loss of invested capital. If the trigger event occurs, each CoCo will be converted into common shares. The holders of CoCos do not have a conversion right, instead conversion will only occur on the occurrence of the trigger event. In addition, certain CoCos are issued with “write down” features. This means that the principal amount will be written down after a specific trigger event. If a trigger event, depending on the terms and conditions, occurs and is continuing, then the principal amount of all of the relevant CoCos is automatically and at least temporarily reduced to a specific percentage (e.g. 25 per cent) of the original principal amount or permanently written down in full. Thus, the amount of the repayment claim will be reduced accordingly. The conversion of a CoCo to equity or the write down of the principal amount may be triggered by specified events that might be independent from the particular need of an issuer. These trigger events may be based on a mechanical rule (e.g. the issuer’s “Core Tier 1 Ratio” is less than a specific percentage ratio) or a regulatory supervisor’s discretion (e.g. the relevant regulatory authority deems the banking institution to be non-viable).

While certain CoCos are issued with a stated maturity and fixed coupons, others are issued as perpetual instruments, which may be callable at pre-determined levels only with the approval of the relevant competent authority or at the option of the issuer in its sole and absolute discretion. It therefore cannot be assumed that the perpetual CoCos will be called on a call date. Such CoCos are a form of permanent capital and the investor may not receive return of principal if expected on call date or indeed at any date. CoCos may also be issued with fully discretionary coupons and these coupons can be cancelled by either national regulators or the issuer, even though dividends continue to be paid to its shareholders. The cancellation of such coupons may not amount to an event of default; any payments so cancelled will not accumulate and are instead written off.

CoCos will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the CoCo, such as a fund, against the issuer in respect of or arising under the terms of the CoCo shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer. In addition, if the CoCos are converted into the issuer’s underlying equity securities following a conversion event, each holder will be subordinated due to their conversion from being the holder of a debt instrument to being the holder of an equity instrument. Upon such an event, the securities generally rank *pari passu* or junior to

the issuer's other equity securities, depending on the issuer's capital structure, except in circumstances where they embed clauses contemplating permanent write down of capital based on predetermined market triggers.

Product name: Polar Capital Funds plc – Financial Credit Fund (the “Fund”)
Legal entity identifier: 549300YP7PDRHQ4IAT53

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ____%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes environmental and social characteristics through the application of its investment strategy. Using the Investment Manager's proprietary ESG analysis tool 'Financials Team ESG Framework', the Fund seeks to exclude companies, issuers of corporate bonds and sovereign bonds which are deemed to demonstrate poor environmental or social characteristics as assessed through the Financials Team ESG Framework and its exclusion policy.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Investment Manager will use the Financials Team ESG Framework to measure the attainment of the Fund's ESG characteristics. The Investment Manager's Financials Team ESG Framework will only be used by the portfolio managers of the Fund.

The Investment Manager will also use adherence to the Fund's exclusion policy as an indicator to measure attainment of the Fund's environmental and social characteristics.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-

Does this financial product consider principal adverse impacts on sustainability factors?



Yes



No

Where material, the Investment Manager will consider the principal adverse impacts of a company on the environment and society.

Unless subject to an exclusion, the Investment Manager will seek to improve material adverse impacts of investee companies through active ownership activities such as engagement, voting or if necessary, divestment from the company within a reasonable timeframe, taking into consideration the best interests of the Fund and its Shareholders.

Factors considered when assessing a company's impact on the environment include greenhouse gas ("GHG") emissions, including, but not limited to, indicators such as absolute emissions, carbon footprint, emissions intensity and carbon reduction initiatives. Revenues of investee companies attributed to the fossil fuel sector are considered by the Investment Manager. Where material revenues are flagged, the Investment Manager will assess the company's carbon reduction policies or targets related to achieving net zero.

The Investment Manager will consider the board gender diversity of investee companies, and will, where it deems appropriate, use its tools of active ownership to encourage better diversity practices.

The Investment Manager considers the standards of the United Nations Global Compact, and the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises. If a company is involved in severe controversies or norms violations, the Investment Manager will assess the severity of the incident and decide the appropriate action of whether to monitor, enter enhanced engagement, or divest from the company.

The Investment Manager will exclude any company involved in the manufacture or sale of controversial weapons such as cluster munitions and anti-personnel mines.



What investment strategy does this financial product follow?

The Investment Manager applies the following elements within the investment process to attain the Fund's ESG characteristics:

1. An exclusion screening process carried out on the Fund's investment universe, including the application of both normative and negative screens
2. Due diligence analysis of companies and sovereigns using the Financials Team ESG Framework
3. Exclusion of companies in accordance with the Financials Team ESG Framework
4. Engagement with companies on material ESG issues

Exclusions

The Investment Manager excludes from the Fund companies involved in the activities set out in the binding elements section below.

Analysis using the Financials Team ESG Framework

The Fund's investment universe is initially screened against several metrics, namely Valuation, Risk, Growth, Profitability, Macro-conditions and Management (together "Screening Metrics").

The Management metric includes an ESG score and a qualitative ESG overlay, determined by the Investment Manager and based on an assessment of a company's governance framework, with specific focus on risk management practices, strategic consistency, litigation/reputational risk and controversies and stakeholder engagement. This assessment is derived through management meetings and company disclosure.

If a company, corporate bond issuer or government/supranational bond issuer (a "Sovereign") screens poorly against the Screening Metrics it will not be considered eligible for investment. If, however, a corporate bond issuer or Sovereign screens well in this ranking process, such that an investment might be warranted, further fundamental analysis is undertaken.

Following the initial screening exercise, prospective companies are assessed using the Financials Team ESG Framework. The Financials Team ESG Framework evaluates companies based on three overarching categories ('Environmental', 'Social' and 'Governance') against a variety of indicators and assigns each a proprietary ESG rating from AAA to CCC, in the following descending order: AAA, AA, A, BBB, BB, B, CCC. These indicators include, but are not limited to:

- **Environmental:** the total GHG emissions intensity per revenue, the extent of environmental disclosure (related to climate change, air quality, biodiversity, energy, water and waste), and the attainability of net zero targets;
- **Social:** the level of gender diversification in the workforce, the level of human capital development within a company, and the quality of data security; and
- **Governance:** the level of shareholder alignment and engagement, the diversity of experience and independence of the board, the level of director remuneration and tax compliance.

The Fund has set the overall ESG rating exclusionary threshold at 'CCC', as this demonstrates the very weakest ESG profile. Furthermore, if a company, corporate bond issuer or Sovereign scores 'CCC' within the Governance category this is also excluded from the Fund.

A rating of 'B', the rating immediately above CCC, will act as an automatic threshold for enhanced due diligence, with the Investment Manager required to engage with the company or corporate bond issuer directly to address the identified weaknesses with management and obtain reassurance that any shortfalls are being addressed.

For the avoidance of doubt, the Investment Manager shall not engage with issuers of Sovereign bonds

Where a company, corporate bond issuer or Sovereign meets the Investment Managers' criteria for inclusion in the Fund, the Investment Manager will continually monitor the issuer's ESG profile.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager applies the following binding elements within the investment process to attain the Fund's ESG characteristics:

- (i) Exclusion of companies involved in activities on the Exclusion List below
- (ii) Analysis of companies, corporate bonds at the issuer level and Sovereigns against the Financials Team ESG Framework
- (iii) Exclusion of companies, corporate bond issuers or Sovereigns rated 'CCC' in accordance with the Financials Team ESG Framework
- (iv) Exclusion of companies, corporate bond issuers or Sovereigns rated 'CCC' for governance under the Financials Team ESG Framework
- (v) Engagement with companies or corporate bond issuers on material ESG issues

Exclusion List

In addition to the exclusion above of companies involved in controversial weapons, the Investment Manager excludes from the Fund investment in companies that derive more than 5% of their revenues from financing:

- Thermal coal production
- Tobacco production
- Adult entertainment

The Fund also excludes direct investment in companies that derive greater than 5% of revenues from the following activities:

- Thermal coal extraction, production and generation
- Oil exploration and production
- Tobacco production and distribution
- Adult entertainment
- Conventional weapons production

The Investment Manager also applies a norms-based exclusion screen to the Fund's investment universe to ensure that prospective companies that are involved in controversial practices from an ESG perspective are excluded from the Fund.

This involves the Investment Manager screening the portfolio for alignment with the United Nation's Global Compact, the United Nation's Guiding Principles on Business and Human Rights, the International Labour Organisation's conventions and the Organisation for Economic Co-Operation and Development's (OECD) Guidelines for Multinational Enterprises. When the Investment Manager determines that a company does not align adequately with these standards, the Investment Manager will exclude that company.

For the avoidance of doubt, the normative and negative screens apply to investments made in equity and corporate bond issuers. However, the exclusion criteria will not apply to Sovereign exposure.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not commit to reduce the scope of investments by a minimum percentage prior to the application of the investment strategy.

● ***What is the policy to assess good governance practices of the investee companies?***

In assessing governance, the Investment Manager analyses factors, including but not limited to, the level of shareholder alignment and engagement, the gap between effective and statutory tax, the diversity of experience and independence of the board, and the level of director remuneration.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The governance analysis also includes a qualitative factor, based on an assessment risk management practices, strategic consistency, litigation/reputational risk and stakeholder engagement, informed through interactions with the company and the responsiveness of its management. When considering risk management practices, both management structures and tax compliance are assessed.



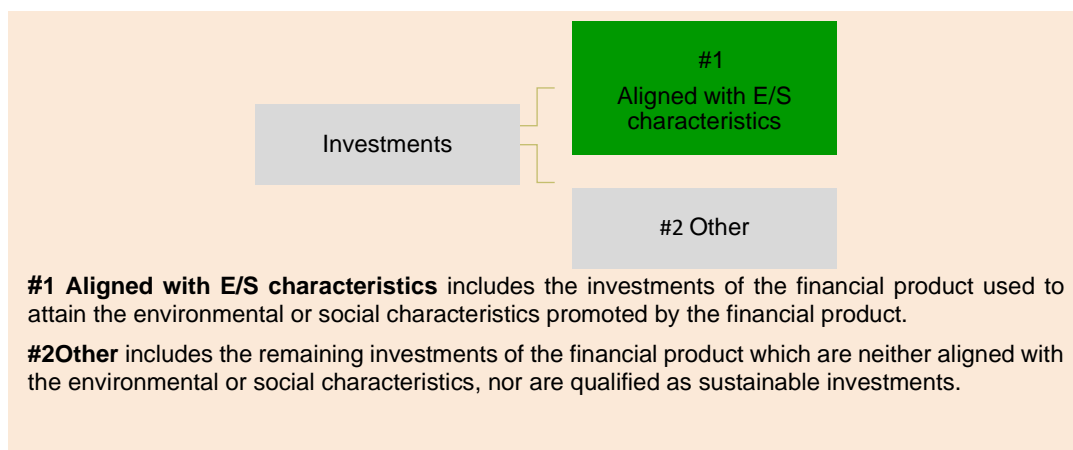
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

The Fund invests primarily in the equity, debt and other securities of financial companies worldwide. The Investment Manager uses the Financials Team ESG Framework to assess the environmental and/or social characteristics ("E/S") of each investee company.



100% of the companies, corporate bond issuers or Sovereign debt the Fund invests in are assessed under the Investment Manager's Financials Team ESG Framework, which is used to assess and deliver the environmental or social characteristics promoted by the Fund.

The minimum proportion of the investments of the Fund used to meet the environmental or social characteristics promoted is 75%. An investment is defined as meeting the environmental or social characteristics promoted by the Fund where it passes the Fund's exclusion criteria and the minimum criteria for investment against the Financials Team ESG Framework.

Up to 25% of the Fund's investments identified as #2 Other in the above diagram will be held in cash and financial derivatives in line with the Fund's Investment Policy. There are no minimum environmental or social safeguards applicable to these investments.


● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Although the Fund is permitted to invest in financial derivatives, the Investment Manager will not generally seek to invest in these financial derivatives to promote its environmental or social characteristics. However, financial derivatives may be held by the Fund for risk management purposes, for efficient portfolio management purposes or where they have been received from an investee company pursuant to a corporate action (e.g. an issue of warrants or share options).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

☐

Yes:

☐

In fossil gas

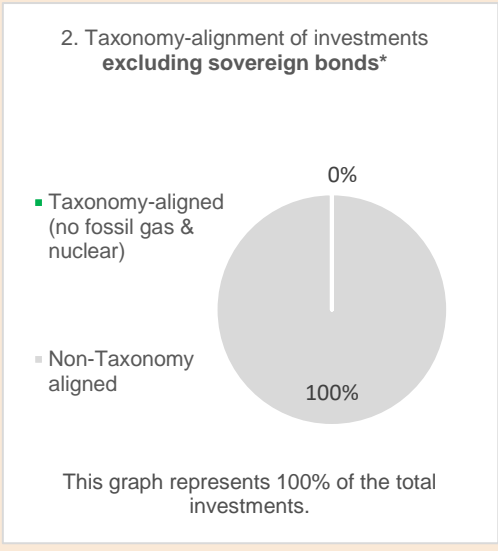
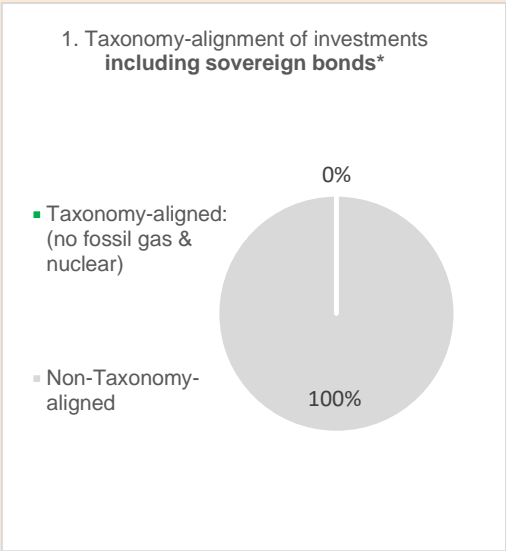
☐

In nuclear energy

☒

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures



What is the minimum share of investments in transitional and enabling activities?

The Fund does not invest in environmentally sustainable activities, transitional activities or enabling activities under the EU Taxonomy Regulation.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.



What is the minimum share of socially sustainable investments?

The Fund does not invest in Sustainable Investments as defined under Article 2 (17) of the SFDR.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Up to 25% of the Fund’s investments identified as #2 Other in the above diagram will be held in cash and/or financial derivatives in line with the Fund’s Investment Policy. There are no minimum environmental or social safeguards applicable to these investments.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and social characteristics.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and social characteristics.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and social characteristics.

- ***How does the designated index differ from a relevant broad market index?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and social characteristics.

- ***Where can the methodology used for the calculation of the designated index be found?***

The Fund has not designated a specific index as a reference benchmark for determining its alignment with the promoted environmental and social characteristics.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.polarcapital.co.uk/Our-Funds/Income-Opportunities/#!/Literature>

