



EUR Class I Acc Hdg | ISIN: IE00BDTYJC81

NAV per Share

EUR Class I Acc Hedged €119.05

Fund Details

Fund Size	€122.4 m
Base Currency	USD
Denominations	USD/GBP/EUR
Fund Structure	UCITS
Domicile	Ireland
Listing	Euronext Dublin
Launch Date	31 December 2018
Investment Manager	Polar Capital LLP
SFDR Classification	Article 8

Fund Managers



David Keetley

Fund Manager

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



Stephen McCormick

Fund Manager

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



David Sugarman

Fund Manager, Head of Convertible & Credit Research

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

Fund Ratings



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

Fund Profile

Investment Objective

The Fund's investment objective is to generate a positive absolute return over rolling 12-month periods, in all market conditions. There is no guarantee the Fund will achieve this objective over any given period.

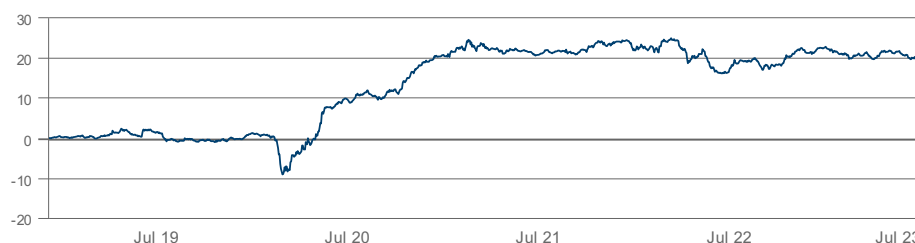
Key Facts

- Team of six sector specialists based in London and Connecticut
- The team has 125+ years of combined industry experience
- Portfolio consists of 50-100 positions (long + short), grouped into five categories
- Ability to hedge credit exposures and interest rates
- Absolute Return seeking fund – no benchmark constraints

Share Class Performance

Performance Since Launch (%)

■ EUR Class I Acc Hedged



	1m	3m	YTD	1yr	3yrs	5yrs	Since Launch	
							Cum.	Ann.
EUR Class I Acc Hdg	-1.30	-0.62	-2.06	1.25	9.25	-	19.05	3.88

Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Return
2023	0.81	-1.16	-0.19	-0.91	1.74	-1.03	-1.30	-	-	-	-	-	-2.06
2022	-1.32	0.60	0.82	-1.63	-0.77	-3.69	0.85	1.40	-1.82	1.08	2.34	0.38	-1.91
2021	0.82	1.59	0.23	-0.28	-0.51	0.23	-0.69	0.45	-0.33	0.94	1.19	0.02	3.71
2020	1.28	-1.08	-7.20	5.72	3.57	6.12	1.04	2.24	-1.26	0.90	4.67	2.85	19.69
2019	0.29	0.07	-0.47	1.06	0.56	0.57	-0.92	-1.92	0.56	-0.31	0.33	0.03	-0.17

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

Performance for the EUR Class I Acc Hedged. The class launched on 31 December 2018. Performance data is shown in EUR. Source: Northern Trust International Fund Administration Services (Ireland) Ltd.

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.

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Source & Copyright: CITYWIRE. David Keetley & Stephen McCormick have been awarded a Plus rating by Citywire for their 3 year risk-adjusted performance using an absolute return methodology for the period 30/06/2020 - 30/06/2023.

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Portfolio Exposure & Attribution

As at 31 July 2023

Top 5 Positions (LMV) (%)

Jet2 1.625% 06/2026	6.5
Blackline 0% 03/2026	4.6
Nichicon Corp 0% 12/2024	4.3
Lagfin / Campari 3.5% 08/2028	4.1
Park24 Co Ltd 0% 02/2028	3.7

Total **23.2**

Top 5 Net Equity Exposures (%)

Jet2	1.7
Lagfin / Campari	-1.5
Seino Holdings	1.3
SBI Holdings	1.3
Park24 Co Ltd	1.3

Total Number of Positions **90**

Long	56
Short	34

Net Equity Exposure (%) **11.9**

Market Cap Underlying Stocks (%)

Large (>US\$5bn)	47.5
Medium (US\$500m to 5bn)	51.4
Small (<US\$500m)	1.1

Capital Structure (%)

Long (LMV)	153.0
Short (Equity)	-77.3
Gross	230.3

Modified Duration **1.43**

Risk / Return Since Inception

Best Month (%)	6.12
Worst Month (%)	-7.20
Positive Months (%)	61.82
Volatility of Returns (%)	5.07
Sharpe Ratio	0.74

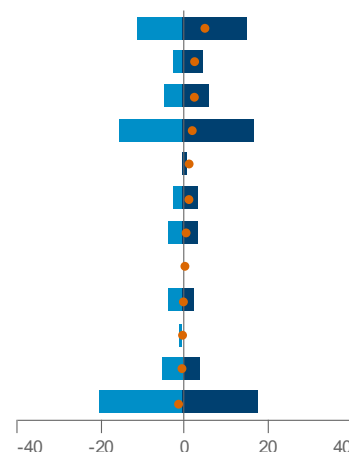
Performance Attribution - 1 Month (bp)

Long Positions	-39
Short Positions	-91

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

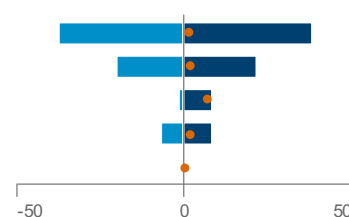
Sector Equity Exposure (%)

	Long	Short	Net
IT	15.4	-10.5	4.9
Energy	4.8	-2.4	2.5
Transportation	6.5	-4.1	2.4
Industrial	17.0	-15.1	1.9
Materials	1.1	0.0	1.1
Financial	3.5	-2.4	1.1
Telecom	3.7	-3.3	0.4
Utilities	0.1	0.0	0.1
Real Estate	2.9	-3.1	-0.2
Consumer Staples	0.1	-0.5	-0.4
Healthcare	4.1	-4.7	-0.6
Consumer Discretionary	18.2	-19.5	-1.4



Geographic Equity Exposure (%)

	Long	Short	Net
US	38.5	-37.2	1.4
Europe	21.8	-20.0	1.8
Japan	8.5	-1.7	6.9
Asia ex Japan	8.5	-6.8	1.8
Other Markets	0.2	0.0	0.2



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 ¹	Ann. Fee	Perf. Fee ¹¹
USD I Acc	PCGARIU ID	IE00BDTYJB74	BDTYJB7	-	1.09%	1.00%	15%
Currency Hedged¹							
Curr Hdg GBP I Acc	PCGAIHG ID	IE00BDTYJD98	BDTYJD9	-	1.09%	1.00%	15%
Curr Hdg GBP I Dist	POGARIP ID	IE0009FY2ZG6	BNHSZ02	-	1.09%	1.00%	15%
Curr Hdg EUR I Acc	PCGAIHE ID	IE00BDTYJC81	BDTYJC8	-	1.09%	1.00%	15%
Curr Hdg JPY I Acc	POGARIH ID	IE000WUZP0D2	BNHSYX8	-	1.09%	1.00%	15%
Curr Hdg JPY I Dist	POGARIJ ID	IE000VCHW498	BNHSYW7	-	1.09%	1.00%	15%

¹Ongoing 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.

¹¹Performance Fee 15% of any returns the Fund achieves above the high water mark.

1. Currency exposures hedged to the extent it is practicable.

Fund Managers' Comments

The Fund returned -1.13% in July, taking its return since inception to 29.98% (USD I Acc Share Class).

Market review

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

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

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

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

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

- "As an industry and as a business, we are already operating in an environment that is indicative of what we would call a ... recessionary level." Jonas Prising, Manpower CEO
- "Clients are more cautious, more conservative, more tentative than we had counted on. They got modestly more so throughout the quarter.... That [change] was broad.... It impacted everything." Keith Waddell, Robert Half CEO

While these reports are anecdotal, as they come from firms at the sharp end of the hiring industry, they are worth considering. As they

stand in stark contrast to the overall Goldilocks mood and to the backward-looking economic data, they do provide reason for caution when considering the potential near-term economic performance and medium-term direction of risk assets.

Fund activity

The Fund maintained a modest equity exposure during the month, averaging +10.5% with a range of +2.0% to +14.9%, approximately. Much of our long exposure continued to be held in Japan where we retain a constructive view of the Tokyo Stock Exchange's (TSE) moves to improve return on capital. Moreover, the Bank of Japan's muted movements to 'normalise' their yield curve control measures in July suggest an ongoing supportive environment for equities.

During the month, the Fund's put trades contributed most negatively to overall performance affected by the generally strong equity markets. We also made losses in our asymmetric trades due to idiosyncratic movements in some of our key underlying stocks noted below. Equity hedged trades contributed modestly to returns with no major single-name movements.

The largest individual contributors to Fund performance in July came from **Sea**, **SBI Holdings** and **Campari**.

Sea is an online gaming and e-commerce company focused on south-east Asia. We own this as an asymmetric trade given the convertible is close to par with strong underlying credit and a company that is transitioning its focus from pure revenue growth to profit generation. The Fund benefitted as the equity rose 14.6% during the month.

SBI is an online brokerage and bank in Japan. This asymmetric trade provides strong risk/reward given the low cash price, high bond floor and cheap equity with a low price/book ratio. The Fund gained as the stock appreciated 8.3% in July.

Campari is an Italian liquor manufacturer. We own this as a put profile trade given our negative view of the stock's valuation and overall trends in the US drinks market. The Fund benefitted from an expansion in the convertible's valuation and a modest equity decline during July.

Conversely, the largest individual detractors to Fund performance came from **Lumentum Holdings**, **Jet2**, and **Ocado**.

Ocado is a UK online grocery retailer and distribution technology company. We own this as a put profile trade and the Fund made losses in July as the equity rallied following a positive impression to results and hints of a potential forthcoming partnership announcement.

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

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

Market outlook

We believe markets are at an interesting juncture. Many investors entered 2023 expecting a near-term recession on the back of the global interest rate cycle. However, since Silicon Valley Bank's default and the subsequent banking scare in the spring, economic data has largely surprised to the upside and there is widespread hope that the US Federal Reserve has successfully cured inflation without

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engendering a recession – a textbook soft landing. This has resulted in a significant change in investor risk appetite and equity ownership. As the AAll data demonstrates, investors are now at historically high levels of bullishness and many of the most bearish Wall Street analysts have thrown in the towel.

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

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

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

In particular, such a landscape should be supportive of both volatility and dispersion which will be a tailwind for our Asymmetric, Put Profile, and Equity Hedged trades. As a result, we continue to operate with reasonable leverage and retain our slightly larger individual position sizes as we believe the market is likely to reward disciplined risk-taking. However, we are reducing gross exposures slightly as we believe primary convertible issuance may accelerate in the Fall and we wish to be in a position to purchase attractive risk/reward opportunities as they arise.

David Keetley and Stephen McCormick

8 August 2023

Risks

- Capital is at risk and there is no guarantee the Fund will achieve its objective. Investors should make sure their attitude towards risk is aligned with the risk profile of the Fund before investing.
- Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you might get back less than you originally invested as there is no guarantee in place.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Please see the Fund's Prospectus for details of all risks.
- The Fund invests in equities, convertible and fixed income securities and prices can rise or fall due to several factors affecting global stock markets.
- The Fund uses derivatives which carry the risk of reduced liquidity, substantial loss, and increased volatility in adverse market conditions, such as failure amongst market participants. The use of derivatives will result in the Fund being leveraged (where market exposure and the potential for loss exceeds the amount the Fund has invested) and in these market conditions the effect of leverage will magnify losses. The Fund makes extensive use of derivatives.
- The Fund invests in assets denominated in currencies other than the Fund's base currency. Changes in exchange rates may have a negative impact on the Fund's investments. If the share class currency is different from the currency of the country in which you reside, exchange rate fluctuations may affect your returns when converted into your local currency. Hedged share classes may have associated costs which may impact the performance of your investment.

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

Investment in the Fund is an investment in the shares of the Fund and not in the underlying investments of the Fund. Further information about fund characteristics and any associated risks can be found in the Fund's Key Investor Document or Key Investor Information Document ("KID" or "KIID"), the Prospectus (and relevant Fund Supplement), the Articles of Association and the Annual and Semi-Annual Reports. Please refer to these documents before making any final investment decisions. These documents are available free of charge at Polar Capital Funds plc, Georges Court, 54-62 Townsend Street, Dublin 2, Ireland, via email by contacting Investor-Relations@polarcapitalfunds.com or at www.polarcapital.co.uk. The KID is available in the languages of all EEA member states in which the Fund is registered for sale; the Prospectus, Annual and Semi-Annual Reports and KIID are available in English.

The Fund promotes, among other characteristics, environmental or social characteristics and is classified as an Article 8 fund under the EU's Sustainable Finance Disclosure Regulation (SFDR). For more information, please see the Prospectus and relevant Fund Supplement.

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

A summary of investor rights associated with investment in the Fund is available online at the above website, or by contacting the above email address. This document is provided and approved by both Polar Capital LLP and Polar Capital (Europe) SAS.

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

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

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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

- There may be times where the issuer or guarantor of a fixed income (or convertible) security cannot meet its payment obligations or has their credit rating downgraded, resulting in potential losses for the Fund.
- The Fund invests in emerging markets where there is a greater risk of volatility due to political and economic uncertainties, restrictions on foreign investment, currency repatriation and currency fluctuations. Developing markets are typically less liquid which may result in large price movements to the Fund.

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

Switzerland The principal fund documents (the prospectus, KID/KIIDs, memorandum and articles of association, annual report and semi-annual report) of the Fund may be obtained free of charge from the Swiss Representative. The Fund is domiciled in Ireland. The Swiss representative and paying agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

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