

Fund Fact Sheet

28 May 2021

US\$ Class R Dist
ISIN: IE00B5282553



NAV per Share

US\$ Class R Dist US\$9.17

Fund Particulars

Fund Size	US\$32.2 million
Base Currency	US\$
Denominations	US\$ / GBP / EUR
Fund Structure	Open-ended UCITS
Domicile	Dublin, Ireland
Listing	Irish Stock Exchange
Launch Date	20 January 2011
Management	Polar Capital LLP

Fund Managers



William Calvert

Fund Manager

William has managed the Fund since launch, he joined Polar Capital in 2010 and has 35 years of industry experience.

Fund Profile

Investment Objective

The Fund aims to achieve both income and long term capital growth through a portfolio of emerging market equities.

Key Facts

- The team has 40+ years of combined industry experience
- Typically 50-80 positions
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

Share Class Performance

Performance Since Launch (%)



	1 month	3 month	YTD	1 year	3 years	5 years	Since Launch	
							Ann.	Cum.
US\$ Class R Dist	3.49	6.98	9.85	42.54	20.28	52.85	3.26	39.40
Index	1.15	2.10	6.03	49.27	30.31	89.32	4.15	52.45

Discrete Annual Performance (%)

12 months to	28.05.21	29.05.20	31.05.19	31.05.18	31.05.17
US\$ Class R Dist	42.54	-15.10	-0.60	3.57	22.70
Index	49.27	-4.39	-8.70	14.03	27.41

Source: Northern Trust International Fund Administration Services (Ireland) Ltd, monthly percentage growth, US\$ and has been calculated to account for the deduction of fees, **with reinvestment of all principal, dividends, interest and profits**. Fund performance does not take account of any commissions or costs incurred by investors when subscribing for or redeeming shares. The US\$ Class R Dist was launched on 20 January 2011. The index performance figures are sourced from Bloomberg and are in US\$ terms. These figures refer to the past. Investments in funds are subject to risk. **Past performance is not a reliable indicator of future returns.** The money invested in a fund can increase and decrease in value and past performance is not a reliable indicator that you will get back the full amount invested. The performance calculation is based on US\$. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Please see the Important Information on the last page of this document for further information on the risks to your investment.

Yield & Dividends

Historic Yield (%)¹

4.09

Dividends Declared

January 2021	US\$0.1928
July 2020	US\$0.1825
January 2020	US\$0.2073
July 2019	US\$0.1957

1. Historic yield is based on a NAV per share of US\$9.17 and income of US\$0.3753 per unit paid in the last 12 months, based on US\$ Retail distribution units. **WARNING: Investors should note that historic yield does not measure the overall performance of a fund. It is possible for a fund to lose money overall but to have a positive historic yield. Historic yield cannot be considered as being similar to the interest rate an investor would earn on a savings account.**

Polar Capital Funds plc - Emerging Markets Income Fund

Portfolio Exposure & Attribution

As at 28 May 2021

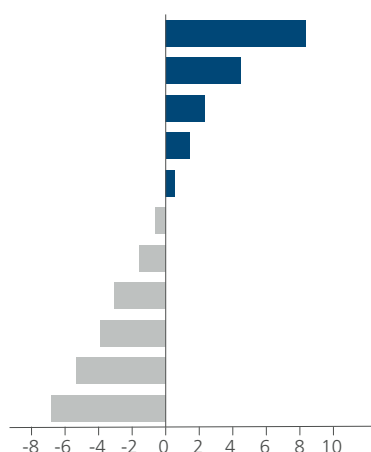
Performance Attribution - 1 Month (%)

Top Contributors			Top Detractors		
Name	Active Weight	Attrib. Effect	Name	Active Weight	Attrib. Effect
Alibaba Group Holding	-5.06	0.47	LG Corp	2.25	-0.57
KT Corp	2.50	0.40	Chicony Electronics Co	1.83	-0.17
Life Healthcare Group	1.81	0.33	Delta Electronics	2.54	-0.15
Rural Electrification	2.32	0.33	China Mobile	3.05	-0.12
China Merchants Bank	2.84	0.32	Mexico Real Estate Management	1.24	-0.11

Performance attribution is calculated in US\$ on a relative basis.

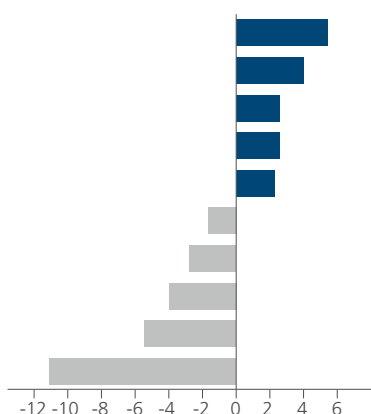
Sector Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund (%)	Relative (%)
Financials	26.8	8.4
Industrials	9.2	4.5
Utilities	4.4	2.3
Energy	6.3	1.4
Real Estate	2.7	0.6
Materials	8.1	-0.6
Communication Services	9.7	-1.6
Healthcare	1.9	-3.0
Consumer Staples	1.8	-3.9
Information Technology	15.0	-5.3
Consumer Discretionary	10.0	-6.8



Geographic Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund (%)	Relative (%)
South Korea	18.5	5.4
Russian Federation	7.1	4.0
Romania	2.6	2.6
Kazakhstan	2.6	2.6
India	12.3	2.3
Thailand	0.0	-1.7
Saudi Arabia	0.0	-2.8
Brazil	1.0	-4.0
Taiwan	8.1	-5.5
China	26.4	-11.1



The column headed "Fund (%)" refers to the percentage of the Fund's assets invested in each country/sector. The column headed "Relative (%)" refers to the extent to which the Fund is overweight or underweight compared (relative) to the index.

Share Class Information

Codes & Fees

Share Class	Bloomberg	ISIN	SEDOL	OCF	Annual Fee
US\$ Class R Acc	PCEMRUA ID	IE00B4VWVP88	B4VWVP8	1.59%	1.25%
US\$ Class R Dist	PCEMRUD ID	IE00B5282553	B528255	1.59%	1.25%
GBP Class R Acc	PCEMRBA ID	IE00B4YDSX18	B4YDSX1	1.59%	1.25%
GBP Class R Dist	PCEMRBD ID	IE00B51D4337	B51D433	1.59%	1.25%
EUR Class R Acc	PCEMREA ID	IE00B4WZTL41	B4WZTL4	1.59%	1.25%
EUR Class R Dist	PCEMRED ID	IE00B53D4F35	B53D4F3	1.59%	1.25%

Top 10 Positions (%)

Samsung Electronics	4.7
TSMC	4.5
China Merchants Bank	3.2
China Mobile	3.2
China Construction Bank	3.2
Ping An Insurance	2.8
KB Financial Group	2.7
China Lesso Group Holdings	2.6
NAC Kazatomprom JSC	2.6
Rural Electrification	2.3

Total **31.8**

Active Share **85.01%**

Total Number of Positions **49**

Market Capitalisation Exposure (%)

	Fund	Index
Large Cap (>US\$10 billion)	50.3	81.7
Mid Cap (US\$1 billion - US\$10 billion)	48.5	18.3
Small Cap (<US\$1 billion)	1.2	0.0

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 Dublin time

Additional Share Class Information

Minimum Investment: Class I Shares; US\$1 million (or its foreign currency equivalent).

Class R Shares; No minimum subscription.

Performance Fee 10.00% of outperformance of MSCI Emerging Market Net Total Return Index.

Ongoing Charges Figure (OCF) is the latest available, as per the date of this factsheet.

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.

Polar Capital Funds plc - Emerging Markets Income Fund

Fund Managers Comments

As at 28 May 2021

The Fund closed the month, and its life, with another solid month in which the NAV rose 3.5%, 2.4% ahead of the benchmark. As a result, the gain for the year is a fraction shy of 10.0% while the benchmark is up 6.0%. Since launch, the Fund is up 46.6% which is a short 5.8% behind the main benchmark but over 20% ahead of the Emerging Market High Yield Index which is, arguably, a fairer indication of performance in our opinion. (all figures are in dollar terms, unless otherwise stated).

The continuing struggles of the Chinese software companies was in part responsible for this outperformance but more significantly there was continued strong performance among some areas of the market that have been neglected over the past several years. This was most evident when looking on a sectoral basis, as the technology, consumer discretionary and communication services sectors all registered losses during the month while there were strong gains in energy, financials, utilities and consumer staples.

For the Fund, the worst performing stocks were LG Corp, returning from suspension, Chicony Electronics, and Fibra Macquarie, but against that, 10 stocks posted rises of over 10% including such out-of-favour names as KT Corp, the Korean telecom company, Rural Electrification, the Indian power finance company, and Life Healthcare Group, the South African hospital group.

Following the strong outperformance of value year to date, the valuation differential between value and growth has inevitably shrunk a little but remains at the top of the range that prevailed before 2020. Interestingly, in a world where many are struggling to find asset classes that are cheap relative to past levels, income-bearing stocks in emerging markets continue to offer substantial opportunities. For example, KT Corp, which has risen 42% this year, is now trading on an enterprise value to EBITDA ratio of 2.7x, well below its recent peak of 4x. This is despite having new management that has substantially improved corporate governance and is in the process of increasing payouts to shareholders where there is plenty of scope given a free cash flow yield of over 10% and a dividend yield of 4%. A 22.7% increase in the 2020 dividend was a good start. State-owned companies have frequently been tarred with the same brush but here there is also tremendous value although caution needs to be exercised. Rural electrification is enjoying strong growth as India's power demand continues to rise and has achieved this while keeping credit quality well under control. Despite this the stock remains largely ignored, trading on a March 2022 P/E multiple of 3.3x and a price to book of 0.6x despite generating a return on assets of over 2%, a level most banks can only dream of and in line with HDFC, one of the most respected lenders in India. Similarly, Eastern Europe has been widely ignored and here again there remains substantial value, especially among financials. The region has suffered more than most with COVID-19 but is now well positioned for a rapid recovery. The banking sector is, in many instances, substantially overcapitalised, providing the opportunity for huge dividend payouts once permitted. This should draw attention to a sector that, compared with Western Europe, has more growth, is better capitalised, is better provisioned, generates higher returns on assets and has far more capacity for dividends.

Growth has been in the ascendency for much of the past 10 years and so after six months of underperformance it is natural to assume that that dominance will reassert itself. However, as the previous decade had been dominated by value, it is not obvious that this should be such a short-lived occurrence. The rise of inflation is easily dismissed as a transitory affair in large part due to year-on-year comparisons but there are several factors, such as the end of globalisation, the appreciation of the Chinese renminbi, an increasing awareness that labour needs to share more of the returns generated by capitalism and a government need and desire to inflate away their substantial debts, that all suggest it can remain higher for longer. This will be problematic for growth which has become so reliant on low bond yields.

Within emerging markets, the outperformance of growth has been most closely associated with the giant Chinese software companies. These companies have stuttered this year as they have been subjected to greater local regulation and some trimming of their substantial market power. A greater concern for China should be the rise of environmental, social and governance factors in investing. Currently, it is possible for investors with these factors as a focus to completely disregard the human rights abuses, but this is going to be increasingly difficult. Sourcing cotton or polysilicon from Xinjiang Province should already be unacceptable, but how long will it be before platforms selling goods that have been made in the province are also unacceptable. We believe this will undermine both the China story and the growth story in emerging markets and could lead to a much more extended period of outperformance for both value and income stocks.

On that note I would like to thank all those who had belief that there is a role for dividends in this growth-centric world and who continued to support us even though performance against our official benchmark was poor. I would also like to thank all my colleagues at Polar Capital for their help and support over the past 10 years. It has been a lot of fun!

William Calvert

4 June 2021



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Polar Capital Funds plc - Emerging Markets Income Fund

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