Polar Capital Funds plc
Financial Opportunities Fund

31 July 2023

USD Class I Dist | ISIN: IE00B5NR9F09

NAV per Share

USD Class I Dist	US$14.75

Fund Details

Fund Size	US$17.6 m
Base Currency	USD
Denominations	USD/GBP/EUR
Fund Structure	UCITS
Domicile	Ireland
Listing	Euronext Dublin
Launch Date	03 May 2011
Investment Manager	Polar Capital LLP

Historic Yield (%) [1] **2.19**

Fund Managers

George Barrow
Fund Manager
George has managed the fund since 2017, he joined Polar Capital in 2010 and has 15 years of industry experience.

John Yakas
Adviser
John has worked on the fund since launch, he joined Polar Capital in 2010 and has 35 years of industry experience.

ALPHA MANAGER 2020
John Yakas

Fund Ratings

Silver
FE fundinfo Crown Fund Rating

Ratings are not a recommendation.

Fund Profile

Investment Objective

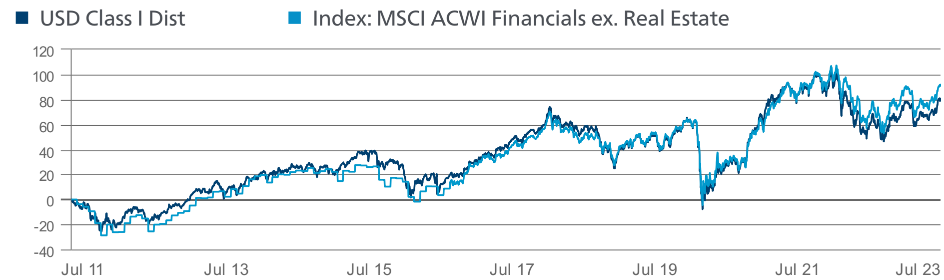
The Fund aims to provide long-term capital growth by investing primarily in the securities of financial sector companies globally.

Key Facts

- Team of five sector specialists
- Award-winning managers, 95+ years of combined experience
- 20+ year track record of running specialist financial sector funds
- Typically 40-80 positions
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

Share Class Performance

Performance Since Launch (%)



	1m	3m	YTD	1yr	3yrs	5yrs	10 yrs	Since Launch Cum.	Since Launch Ann.
USD Class I Dist	4.87	6.51	9.45	12.89	43.24	14.84	67.76	81.68	4.99
Index	5.35	7.28	9.16	12.39	50.08	25.54	77.13	91.91	5.46

Discrete Annual Performance (%)

12 months to	31.07.23	29.07.22	30.07.21	31.07.20	31.07.19
USD Class I Dist	12.89	-12.55	45.09	-15.29	-5.36
Index	12.39	-7.38	44.18	-15.38	-1.15

Calendar Year Performance (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
USD Class I Dist	-12.97	19.73	-2.64	25.24	-18.15	23.71	1.36	2.55	0.00	21.48
Index	-9.84	24.35	-3.78	23.25	-15.66	24.09	10.57	-6.48	2.08	25.75

Performance relates to past returns and is not a reliable indicator of future returns.
Performance for the USD Class I Dist. The class launched on 3 May 2011. Performance data is shown in USD. Source: Northern Trust International Fund Administration Services (Ireland) Ltd. Benchmark performance shown in USD. MSCI excluded the Real Estate sub-sector from the Financials sector in August 2016. For consistency, the index performance above prior to August 2016 is calculated excluding the impact of the Real Estate sub-sector, as provided by MSCI. Source: Bloomberg.
If this is not your local currency, exchange rate fluctuations may cause performance to increase or decrease when converted into your local currency.
Performance data takes account of fees paid by the fund but does not take account of any commissions or costs you may pay to third parties when subscribing for or redeeming shares or any taxes or securities account charges that you may pay on your investment in the fund. Such charges will reduce the performance of your investment. A 5% subscription fee can be charged at the Investment Managers discretion.
1. Historic yield is based on a NAV per share of US$14.75 and income of US$0.3234 per unit paid in the last 12 months, based on USD Institutional distribution units. **WARNING: Investors should note that historic yield does not measure the overall performance of a fund. It is possible for a fund to lose money overall but to have a positive historic yield. Historic yield cannot be considered as being similar to the interest rate an investor would earn on a savings account.**

Portfolio Exposure

As at 31 July 2023

Top 10 Positions (%)

JPMorgan	5.9
Mastercard	5.1
HDFC Bank	4.5
HSBC Holdings	4.1
Visa	3.7
Wells Fargo	3.1
Sumitomo Mitsui Financial	2.8
AIB Group	2.8
Morgan Stanley	2.7
Bank of America	2.6
Total	**37.3**

Total Number of Positions **46**

Active Share **68.62%**

Market Capitalisation Exposure (%)

Large Cap (>US$10 bn)	89.1
Mid Cap (US$1 bn - 10 bn)	7.0
Small Cap (<US$1 bn)	3.9

Sector Exposure (%)

Diversified Banks	48.3
Transaction & Payment Processing Services	17.1
Financial Exchanges & Data	5.0
Life & Health Insurance	4.2
Asset Management & Custody Banks	3.1
Regional Banks	2.8
Investment Banking & Brokerage	2.7
Property & Casualty Insurance	2.5
Diversified Capital Markets	2.1
Insurance Brokers	1.9
Consumer Finance	1.9
Broadline Retail	1.9
Reinsurance	1.6
Specialised Finance	1.0
Application Software	0.6
Cash	3.4

Geographic Exposure (%)

United States	40.8
United Kingdom	10.8
India	8.9
Indonesia	4.3
Hong Kong	4.2
Bermuda	4.1
Japan	4.1
Ireland	2.8
Italy	2.2
Australia	2.1
Uruguay	1.9
Finland	1.7
Norway	1.7
Netherlands	1.6
Other	5.4
Cash	3.4

Note: Totals may not sum due to rounding. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Fund Managers' Comments

Global markets continued to recover in July with sentiment supported by increased confidence in the Federal Reserve's ability to engineer a soft landing. Data released during the month showed a moderation in US (and global) core inflation while growth has remained resilient (US 2Q23 annualised GDP +2.4% came in above expectations).

The MSCI All Country World Financials Net Total Return Index rose 5.4% in the month with the Fund's NAV (USD I Acc Share Class) up 4.9%, in dollar terms, with the relative performance affected by the Fund's underweight in US diversified financials along with the mix of exposures in Asia (India lagged the recovery seen in China and Australia).

Market review

US financials rose 5.3% in July, led by the banking sector as economic data reinforced expectations that a recession will be avoided. While Federal Reserve Chair Powell raised the possibility of additional tightening at the September meeting, market expectations have shifted to pricing in a pause in rate hikes following a moderation in core inflation.

Given previous concerns about a tight labour market, the release of the employment cost index data (+1% in 2Q) showing a cooling in wage inflation is likely to be a key factor in the Fed's assessment. US bank 2Q results largely came in ahead of expectations albeit highlighting headwinds from rising funding costs (net interest income (NII) guidance was lowered) and a normalisation in provisioning (primarily driven by office commercial real estate and credit cards).

Given requirements to build deposit balances in the quarter (exacerbated by seasonal outflows related to tax payments) we expect the pace of net interest margin (NIM) compression to ease in 2H23 as deposit competition reduces and assets reprice higher. The extent to which provisioning rises remains a key swing factor but in the context of a soft landing, with regional US banks trading at over a 50% discount to the broader market (vs a historical average of 15%), there remains significant recovery potential.

Following a continued weakening in Chinese economic data (services activity in July reached a seven-month low), Chinese authorities outlined plans to stimulate growth and support the property market. Details remain vague on what substantive actions will be taken to expand domestic demand and at what scale, but the prospect of additional stimulus was sufficient to support a recovery in Chinese equities. The MSCI China Financials Index was up 6.3% for the month, following a period of underperformance.

We are in the early stages of 2Q23 earnings results in Asia with private sector banks in India reporting solid operating trends (return on assets (ROA) 2.1%, loans +19% y/y) reflecting a relatively strong economic environment (albeit the delayed onset of the monsoon season poses upside risks to inflation). In Indonesia, **Bank Central Asia** (BCA, a holding in the Fund) reported strong results (ROA 3.9%, return on equity (ROE) 23%) with profitability supported by high levels of efficiency (35% cost/income) and a low cost of funds (current & savings accounts / total deposits ratio 81%).

European financials (+4.3% in July) slightly underperformed (primarily due to the underperformance of insurers) with the banking sector rising 5.5% on the back of a positive results season. Approximately three-quarters of European banks have now reported 2Q23 earnings with stronger NII (+33% y/y) and lower provisioning driving a 13% average beat to consensus expectations. Deposit betas (the sensitivity of deposit pricing to a change in interest rates) are rising in the region but have remained lower than expected (14% in June vs 13% in May) with periphery Europe the lowest (<10% in Ireland, 10% in Spain, 12% in Italy) which has driven upgrades to core revenue estimates. Asset quality was stable during the quarter (provisioning guidance maintained) while stronger capital levels are translating into additional buyback announcements. With upgraded NII guidance driving further earnings per share (EPS) upgrades (FY24 consensus +19% YTD) we remain positive on the outlook (the Fund is overweight European banks) with valuations not reflecting the material increase in profitability and high capital return.

Fund Review

The Fund's best performers by contribution during the month were **Gresham House** and **VEF AB**. Gresham House announced it had received a cash offer to acquire the business at 1105p, a 63% premium, valuing the business at £441m and 5.9% of AUM. Given their leading position within alternative asset classes benefiting from increasing allocations (hard assets including forestry and battery storage), an attractive valuation and a strong track record, an acquisition of the business was part of the investment thesis. We expect the acquisition to receive shareholder support (requiring 75%) but with the stock trading close to the bid price (expected to close in late 2023 or early 2024), we have sold the position in the Fund.

The worst contributors in the month were **HDFC Bank** and **Cab Payments Holdings** (an underweight position where the Fund has no exposure). HDFC Bank completed the merger with HDFC Ltd (India's largest mortgage lender) in July following a prolonged period of uncertainty relating to regulatory approvals and index inclusion creating an overhang on the stock. The merger creates the world's fourth largest bank in a highly attractive banking market (household debt / GDP 19% vs 48% in China) and offers significant synergies (including the cross sale of products to the 70% of HDFC customers that don't have an HDFC Bank account). Consequently, we remain positive on the outlook for the enlarged group, particularly now that the technical overhang has been removed.

Outlook

Markets have moved quickly in the last two months to price in a more benign economic environment (consistent with commentary from managements during results calls) with inflation data suggesting we are nearing the peak in interest rates. While there has been a recovery, valuations for much of the sector remain at very low levels which is more reflective of a recessionary environment. The shift in outlook should be supportive for value stocks along with niche and small-cap financials which is a particular focus for the Fund.

George Barrow & John Yakas

3 August 2023

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†	Ann. Fee	Perf. Fee††
USD R Acc	PCFOPRU ID	IE00BCRYMD54	BCRYMD5	-	1.62%	1.50%	10%
USD R Dist	PFOPPRU ID	IE00B6429P10	B6429P1	-	1.62%	1.50%	10%
GBP R Acc	PCFOPRG ID	IE00BCRYMF78	BCRYMF7	-	1.62%	1.50%	10%
GBP R Dist	PFOPPRG ID	IE00B5KQ7014	B5KQ701	-	1.62%	1.50%	10%
EUR R Acc	PCFOPRE ID	IE00BCRYMG85	BCRYMG8	-	1.62%	1.50%	10%
EUR R Dist	PFOPPRE ID	IE00B5LFNN25	B5LFNN2	-	1.62%	1.50%	10%
USD I Acc	PCFOPIU ID	IE00BCRYMH92	BCRYMH9	USD 1m	1.12%	1.00%	10%
USD I Dist	PFOPPIU ID	IE00B5NR9F09	B5NR9F0	USD 1m	1.12%	1.00%	10%
GBP I Acc	PCFOPIG ID	IE00BCRYMJ17	BCRYMJ1	USD 1m	1.12%	1.00%	10%
GBP I Dist	PFOPPIG ID	IE00B676X694	B676X69	USD 1m	1.12%	1.00%	10%
EUR I Acc	PCFOPIE ID	IE00BCRYMK22	BCRYMK2	USD 1m	1.12%	1.00%	10%
EUR I Dist	PFOPPIE ID	IE00B5NCML29	B5NCML2	USD 1m	1.12%	1.00%	10%

†**Ongoing Charges Figure (OCF)** is the latest available, as per the date of this factsheet. The Ongoing Charges Figure is based upon the expenses incurred by the Fund for the previous 12 month period. The OCF incorporates the Annual Fee charged by the Fund.

††**Performance Fee** 10% of outperformance of MSCI ACWI Financials ex. Real Estate

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

Risks

- Capital is at risk and there is no guarantee the Fund will achieve its objective. Investors should make sure their attitude towards risk is aligned with the risk profile of the Fund before investing.
- Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you might get back less than you originally invested as there is no guarantee in place.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Please see the Fund's Prospectus for details of all risks.
- The Fund invests in the shares of companies, and share prices can rise or fall due to several factors affecting global stock markets.
- The Fund uses derivatives which carry the risk of reduced liquidity, substantial loss, and increased volatility in adverse market conditions, such as failure amongst market participants.
- The Fund invests in assets denominated in currencies other than the Fund's base currency. Changes in exchange rates may have a negative impact on the Fund's investments. If the share class currency is different from the currency of the country in which you reside, exchange rate fluctuations may affect your returns when converted into your local currency.
- 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.
- The Fund invests in a relatively concentrated number of companies and industries based in one sector. This focused strategy can produce high gains but can also lead to significant losses. The Fund may be less diversified than other investment funds.

Important Information

This is a marketing communication and does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments. Any opinions expressed may change. This document does not contain information material to the investment objectives or financial needs of the recipient. This document is not advice on legal, taxation or investment matters. Tax treatment depends on personal circumstances. Investors must rely on their own examination of the fund or seek advice. Investment may be restricted in other countries and as such, any individual who receives this document must make themselves aware of their respective jurisdiction and observe any restrictions.

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

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

This Fund does not have as its objective sustainable investment, nor does it promote environmental or social characteristics. As a result, the Fund does not fall within the scope of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment. The investments underlying this Fund do not consider the EU criteria for environmentally sustainable economic activities.

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.

Polar Capital LLP is a registered Investment Advisor with the SEC. Polar Capital LLP is the investment manager and promoter of Polar Capital Funds plc – an open-ended investment company with variable capital and with segregated liability between its sub-funds – incorporated in Ireland, authorised by the Central Bank of Ireland and recognised by the FCA. Bridge Fund Management Limited acts

Important Information (contd.)

as management company and is regulated by the Central Bank of Ireland. Registered Address: Percy Exchange, 8/34 Percy Place, Dublin 4, Ireland.

Benchmark The Fund is actively managed and uses the MSCI ACWI Financials ex. Real Estate as a performance target and to calculate the performance fee. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Fund invests. The performance of the Fund is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found www.mscibarra.com. The benchmark is provided by an administrator on the European Securities and Markets Authority (ESMA) register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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The Netherlands This factsheet is for professional client use only in the Netherlands and it is intended that the Fund will only be marketed to professional clients in the Netherlands. Polar Capital Funds plc is authorized to offer shares in the Polar Capital Funds plc - Financial Opportunities Fund to investors in the Netherlands on a cross border basis and is registered as such in the register kept by the Dutch Authority for the Financial Markets ("AFM") www.afm.nl.

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

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

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

Morningstar Medalist Rating The Morningstar Medalist Rating™ is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirect-ly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to global.morningstar.com/managerdisclosures/.

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