



GBP B2 I Acc | ISIN: IE00B73PVZ22

NAV per Share

GBP B2 I Acc £2.97

Fund Details

Fund Size £43.2 m
Base Currency GBP
Denominations GBP/USD/EUR
Fund Structure UCITS
Domicile Ireland
Listing Euronext Dublin
Launch Date 15 October 2009
Investment Manager Polar Capital LLP

Historic Yield (%)² 5.09

Fund Manager



Nick Brind

Fund Manager

Nick has managed the fund since 2009, he joined Polar Capital in 2010 and has 29 years of industry experience.

Fund Profile

Investment Objective

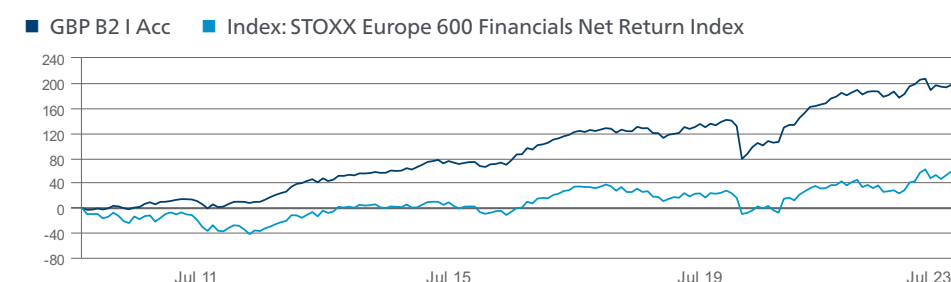
The Fund aims to provide an attractive level of income for investors, together with capital growth, by investing primarily in the equity, debt and other securities of financial companies worldwide.

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
- Up to 150 positions
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection combined with macro-economic analysis

Share Class Performance

Performance Since Launch (%)¹



| | Since Launch | | | | | | | |
|--------------|--------------|------|-------|-------|-------|-------|--------|-------------|
| | 1m | 3m | YTD | 1yr | 3yrs | 5yrs | 10 yrs | Cum. Ann. |
| GBP B2 I Acc | 1.40 | 0.26 | -0.29 | 5.84 | 48.60 | 29.31 | 101.68 | 197.09 8.21 |
| Index | 4.01 | 3.90 | 11.26 | 25.06 | 60.18 | 21.11 | 65.85 | 58.53 3.40 |

Discrete Annual Performance (%)

| 12 months to | 31.07.23 | 29.07.22 | 30.07.21 | 31.07.20 | 31.07.19 |
|--------------|----------|----------|----------|----------|----------|
| GBP B2 I Acc | 5.84 | 4.96 | 33.77 | -14.68 | 1.99 |
| Index | 25.06 | -3.73 | 33.04 | -19.66 | -5.89 |

Calendar Year Performance (%)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------|------|-------|-------|-------|--------|-------|-------|------|-------|-------|
| GBP B2 I Acc | 4.60 | 22.37 | -3.37 | 13.62 | -5.88 | 12.35 | 15.61 | 7.46 | 5.49 | 21.44 |
| Index | 0.69 | 21.58 | -8.83 | 15.18 | -17.26 | 16.55 | 12.51 | 1.72 | -1.43 | 28.75 |

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

Performance for the GBP B2 I Acc. The class launched on 15 October 2009. Performance data is shown in GBP. Source: Northern Trust International Fund Administration Services (Ireland) Ltd. Benchmark performance shown in GBP. Source: Bloomberg.

If this is not your local currency, exchange rate fluctuations may cause performance to increase or decrease when converted into your local currency.

Performance data takes account of fees paid by the fund but does not take account of any commissions or costs you may pay to third parties when subscribing for or redeeming shares or any taxes or securities account charges that you may pay on your investment in the fund. Such charges will reduce the performance of your investment. A 5% subscription fee can be charged at the Investment Managers discretion.

1. On 13 June 2014, the Polar Capital Income Opportunities Fund was re-named from the Polar Capital Financials Income Fund which was launched on 15 October 2009 (the HIM Income Fund, launched October 2009, was merged into the Polar Capital Financials Income Fund on 1 July 2011).

2. Historic yield is based on a NAV per share of £1.51 and income of £0.0767 per unit paid in the last 12 months, based on GBP 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.**

Source & Copyright: CITYWIRE. Nick Brind has been awarded a Plus rating by Citywire for his 3 year risk-adjusted performance for the period 30/06/2020 - 30/06/2023.

Portfolio Exposure & Attribution

As at 31 July 2023

| | |
|----------------------------------|-----------|
| Total Number of Positions | 69 |
| Equity | 15 |
| Fixed Income | 54 |

| | |
|---|------|
| Market Capitalisation Exposure (%) | |
| Large Cap (>£2.5 bn) | 54.6 |
| Mid Cap (£350 m - £2.5 bn) | 4.2 |
| Small Cap (<£350 m) | 41.2 |

| | |
|----------------------------|------|
| Sector Exposure (%) | |
| Investment Grade Bonds | 41.7 |
| High-Yield Bonds | 35.1 |
| Investment Companies | 6.3 |
| Insurance | 4.8 |
| Financial Services | 4.4 |
| Banks | 2.3 |
| Real Estate | 0.4 |
| Cash | 5.0 |

| | |
|--------------------------------------|------|
| Risk / Return Since Inception | |
| Volatility of Returns (%) | 9.26 |
| Sharpe Ratio | 0.82 |

Performance Attribution - 1 Month (%)

| Top Contributors | | Top Detractors | |
|------------------------------|------|---------------------------------|-------|
| Arch Capital | 0.18 | Riverstone Credit Opportunities | -0.17 |
| Hellenic Bank Public 10% AT1 | 0.15 | Personal Group Holdings | -0.16 |
| VPC Specialty Lending | 0.12 | Beazley | -0.07 |
| XPS Pensions Group | 0.11 | RenaissanceRe Holdings | -0.05 |
| AIB Group | 0.08 | Intermediate Capital Group | -0.05 |

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

Geographic Equity Exposure (%)

| | Equity | Fixed Income | Total |
|-----------------|-------------|--------------|--------------|
| ■ UK | 9.5 | 36.3 | 45.8 |
| ■ Europe | 4.3 | 33.4 | 37.7 |
| ■ North America | 4.3 | 3.7 | 8.0 |
| ■ Asia | 0.0 | 3.5 | 3.5 |
| ■ Cash | - | - | 5.0 |
| Total | 18.1 | 76.9 | 100.0 |



Top 10 Fixed Income Positions (%)

| | |
|--|-------------|
| AIB Group 6.25% AT1 | 3.2 |
| Intesa Sanpaolo Spa 8.505% 09/2032 | 2.7 |
| Investec Pref | 2.5 |
| Nationwide Bldg Society 10.25% | 2.4 |
| Deutsche Bank Ag 2.625% 12/2024 | 2.2 |
| Aust & Nz Banking Group 1.809% 09/2031 | 2.2 |
| Jpmorgan Chase & Co 0.991% 04/2026 | 2.1 |
| Eurobank Erg Svcs Hldgs 10% 12/2032 | 2.1 |
| Caixabank Sa 6.875% 10/2033 | 2.1 |
| Barclays 8.875% AT1 | 1.8 |
| Total | 23.3 |

Top 10 Equity Positions (%)

| | |
|---------------------------------|-------------|
| Riverstone Credit Opportunities | 3.5 |
| Mastercard | 1.8 |
| Beazley | 1.4 |
| VPC Specialty Lending | 1.4 |
| Berkshire Hathaway | 1.3 |
| Intermediate Capital Group | 1.3 |
| RenaissanceRe Holdings | 1.2 |
| Personal Group Holdings | 1.2 |
| ING Groep | 1.0 |
| Munich Re | 1.0 |
| Total | 15.0 |

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 Manager's Comments

Market review

The Fund's mix of assets always results in it lagging sharp rallies in equity markets, but it lagged in July more than we would have expected. Nevertheless, we still felt it was prudent to position the Fund more defensively in July. As we highlighted in the past couple of months' commentaries, we believe equity markets have overextended themselves and the balance of risk favoured a much higher component in fixed income securities where we believe there remains an attractive risk/reward.

The Bank of England (BoE) and European Banking Authority (EBA) published the results of their bank stress tests during the month. UK banks performed well under the BoE test, despite its severity: a fall of 31% and 45% respectively in UK residential and commercial property prices, GDP contraction of 5% and peak unemployment of 8.5%. None of the banks failed to meet minimum requirements after taking account of 'management actions' which include dividend cuts and distributions on AT1 securities being suspended.

While these are always useful exercises which can sometimes tease out information as to why a particular bank performs as it does, they have to be taken with a degree of caution. Nevertheless, it was reassuring, albeit unsurprising due to its conservative risk appetite, that our largest UK 'bank' holding, **Nationwide Building Society**, where we have holdings in one of its AT1 securities as well as its core capital deferred shares (CCDS), performed especially well. In particular, it was able to maintain distributions throughout the stress unlike the vast majority of its peers.

The EBA's stress test also painted a reassuring picture of European banks. Under the toughest scenario to date, stressing for a 6% cumulative three-year decline in GDP versus a 3.6% decline in the 2021 stress test, participant banks performed well, with the majority reporting lower capital drawdowns than in the 2021 exercise. Indeed, of the 70 banks included in the test, only three fell below their minimum requirements in the adverse scenario, with one of these driven by accounting dynamics rather than underlying credit performance.

Fund activity

For reasons described above, we took profits on a number of equity positions during the month. For example, we sold our holding in **XPS Pensions Group** following a run-up in its share price on the back of better results and the sale of a subsidiary at a substantially higher price than had been expected. However, both co-CEOs of the business used the opportunity to sell shares and while we still see the outlook as positive for the company, we felt it appropriate to lock in the gain.

We also changed the mix of some of our insurance holdings. We sold **Arch Capital** which had performed extremely well, in part as it has been leaning into the much better supply/demand dynamics in the property catastrophe market which has seen its shares re-rate sharply. Against this, we increased our holding in **Beazley**, a beneficiary of the same trend, which has seen a sharp derating in its share price this year. Following the month end, we also added to our holding in **RenaissanceRe Holdings** which has seen its share price struggle as well despite the positive tailwinds for the sector.

In June, we sold our holding in **OSB Group**, the UK buy-to-let specialist, on the back of the jump in UK interest rate expectations as we felt its shares were not pricing in this risk. We have held OSB Group since its IPO in 2014 and like its business model which results in a significantly more profitable and higher growth bank than its

larger UK peers. We have also liked the management team as they have always come across as good stewards of the bank. Over the period we held it, it delivered around a mid-teens annualised total shareholder return. Nevertheless, in July they announced a profit warning on the back of a change in customer behaviour which led to borrowers refinancing their mortgages more quickly than they had previously at the end of a fixed-rate term. Consequently, the hit to profits – but, more importantly, management credibility – led to the share price falling 29% as the bank had failed to disclose the sensitivity to profits of this issue and the bank was accused of aggressive accounting.

We still hold OSB Group's 9.99% 2023 Tier 2 bond which fell only 1.3% over the month, reflecting that this is very much an earnings event, albeit a credibility issue for the management team as well, and not a capital issue. One of the other reasons for liking OSB Group as an investment has been much higher capital ratios than its peers. This is in part as the bank has yet to have its internal models approved by the BoE, resulting in it having to carry significantly more capital than larger banks when underwriting the same risk so reducing downside risk.

Against the equity sales, we added to our Tier 2 holdings in **Australia and New Zealand Banking Group**, **Eurobank Ergasias** and **Intesa Sanpaolo**, along with our AT1 holding in **Bank of Cyprus Holdings**. We also started a new holding in **Unicredit's** 4.45% AT1 on a yield of 10%, **Credit Agricole's** 7.5% AT1 on a yield of 9.8% and **Intesa Sanpaolo's** 5.875% AT1 on a yield of 9.3%. We also participated in a new senior preferred bond issue by **Piraeus Bank** on a yield of 7.25%. Piraeus is one of Greece's largest banks, with a market share of around 25% and total assets of €77bn at the end of June 2023. The bank has undergone a significant transformation in recent years, successfully de-risking and restructuring its loan book with S&P upgrading its rating in April 2023.

Nick Brind

7 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 ^{**} |
|----------------|-------------|--------------|---------|--------------------|------------------|----------|-------------------------|
| GBP A1 R Dist | HIMRA11 ID | IE00B759Y860 | B759Y86 | - | 1.36% | 1.25% | 10% |
| GBP A2 R Acc | HIMRA2A ID | IE00B7456569 | B745656 | - | 1.36% | 1.25% | 10% |
| GBP B1 I Dist | HIMIB11 ID | IE00B4TCHT23 | B4TCHT2 | GBP 1m | 0.86% | 0.75% | 10% |
| GBP B2 I Acc | HIMIB2A ID | IE00B73PVZ22 | B73PVZ2 | GBP 1m | 0.86% | 0.75% | 10% |
| EUR R Dist | HIMRES D ID | IE00BY7RSY17 | BY7RSY1 | - | 1.36% | 1.25% | 10% |
| EUR R Acc | HIMRESA ID | IE00BY7RTK46 | BY7RTK4 | - | 1.36% | 1.25% | 10% |
| EUR I Dist | HIMRIES ID | IE00BY7RT263 | BY7RT26 | GBP 1m | 0.86% | 0.75% | 10% |
| EUR I Acc | HIMRIEA ID | IE00BY7RTT39 | BY7RTT3 | GBP 1m | 0.86% | 0.75% | 10% |
| USD R Dist | HIMRUSD ID | IE00BY7RST63 | BY7RST6 | - | 1.36% | 1.25% | 10% |
| USD R Acc | HIMRUSA ID | IE00BY7RT826 | BY7RT82 | - | 1.36% | 1.25% | 10% |
| USD I Dist | HIMRIUD ID | IE00BY7RSZ24 | BY7RSZ2 | GBP 1m | 0.86% | 0.75% | 10% |
| USD I Acc | HIMRIUA ID | IE00BY7RTS22 | BY7RTS2 | GBP 1m | 0.86% | 0.75% | 10% |
| EUR I Acc Hdg | POIIEAH ID | IE00BZ4SWG46 | BZ4SWG4 | GBP 1m | 0.86% | 0.75% | 10% |
| EUR I Dist Hdg | POIIEDH ID | IE00BZ4SWF39 | BZ4SWF3 | GBP 1m | 0.86% | 0.75% | 10% |
| EUR R Acc Hdg | POIREAH ID | IE00BZ4SWD15 | BZ4SWD1 | - | 1.36% | 1.25% | 10% |
| EUR R Dist Hdg | POIREDH ID | IE00BZ4SWC08 | BZ4SWC0 | - | 1.36% | 1.25% | 10% |
| USD R Acc Hdg | POIRUHA ID | IE00BF2CWP70 | BF2CWP7 | - | 1.36% | 1.25% | 10% |
| USD R Dist Hdg | POIRUHD ID | IE00BZ4D6L20 | BZ4D6L2 | - | 1.36% | 1.25% | 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 STOXX Europe 600 Financials Net Return Index plus a Hurdle. For more information regarding the performance fee methodology for this Fund, please refer to the prospectus.

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 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

Administrator Details

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Dealing Daily
Cut-off 15:00 Irish time

- 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.
- 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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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 InvestorRelations@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

Important Information (contd.)

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Benchmark The Fund is actively managed and uses the STOXX Europe 600 Financials Net Return Index as a performance target and to calculate the performance fee. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Fund invests. The performance of the Fund is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found

<http://www.stoxx.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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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.

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