Polar Capital
North American Fund
April 2025

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Awards & ratings

MORNINGSTAR ★★★★

MORNINGSTAR Bronze

Analyst-driven	**10%**
Data coverage	**96%**

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For disclosure and detailed information about this fund please request the full Morningstar Managed Investment Report from investor-relations@polarcapitalfunds.com.

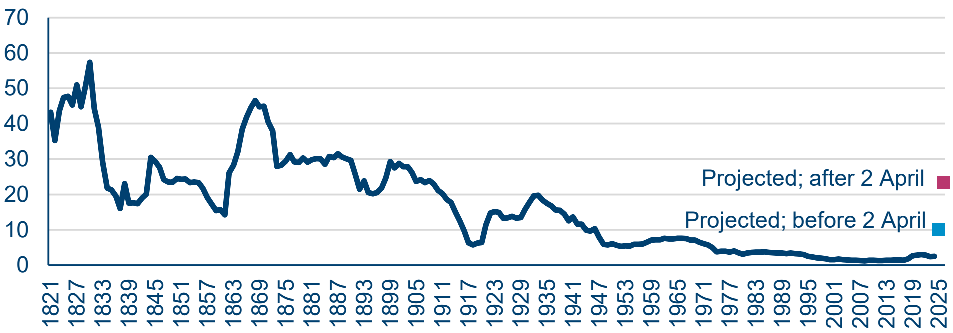
In Q1 2025, the Fund (I USD Dist Share Class) declined by 2.1%. The MSCI North America Net Total Return Index fell by 4.4% over the same period (in dollar terms).

A notable topic from the past few years – and something we have discussed at length – was the rapid increase in index concentration to unprecedented levels in the modern era. In Q1 this partly reversed. The biggest companies underperformed the market, with the top 10 declining by 14%. Unsurprisingly, equal-weight large-cap indices outperformed their market cap-weighted counterparts, although this outperformance did not reverse the underperformance recorded in the month of December alone. Of note, though, small and mid-cap indices underperformed the broader benchmark given concerns regarding slowing economic momentum. The S&P Small Cap 600 Index, for instance, declined by 9.3%.

Business environment

Throughout most of history, tariffs have been typically used as a means for smaller or less developed countries to protect nascent industries deemed of vital national importance. Indeed, the US, in its infancy, used tariffs mainly to support domestic industry from cheaper British imports and to raise revenue for the government prior to the introduction of income tax. President Trump, during his first term, deployed tariffs in a somewhat targeted way, but the latest approach is different, both in the breadth and magnitude.

Average tariff rate on all imports to US, 1890-2024



Source: US Census Bureau; JP Morgan estimates, Tax Foundation, April 2025. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation.

On the face of it, Trump sees tariffs as the tool to reduce America's current account[1] deficit, which he views as emblematic of America "losing" in some way – a message he has been touting since the 1980s. The deficit is, indeed, large by historical standards. The US, a $28trn economy, has a current account deficit of $1.2trn – just over 4% of GDP – and this has widened compared to the decade leading up to Covid. The US has not run a current account surplus since the early '90s, and not in a consistent way since the '60s and '70s. The current situation is more a reflection of economic strength than of weakness. Indeed, one of the reasons the US has been able to run a larger current account deficit than many other nations for as long as it has is because it controls the world's reserve currency – a uniquely favourable dynamic.

1. The trade deficit is the main element in the current account deficit, and Trump's focus for now seems to be specifically on the goods side of the trade deficit.

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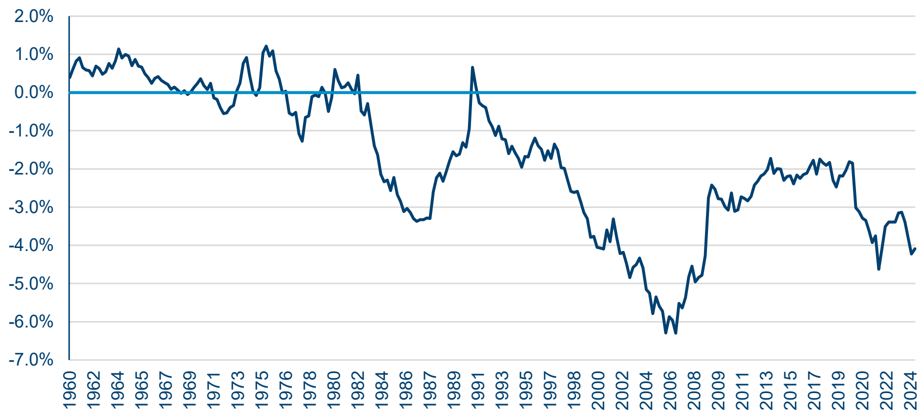
US current account balance, 1960-2024 (percentage of GDP)



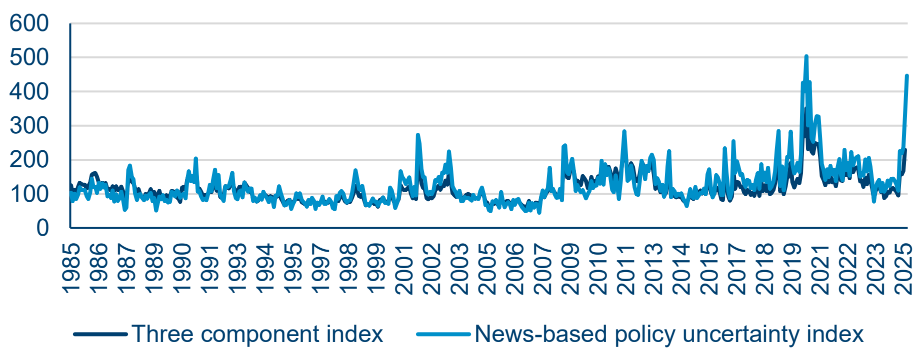
Source: Bloomberg; Polar Capital calculations, December 2024**.**

> The changeable and unorthodox nature of policy decisions since the election has created a great deal of uncertainty

Clearly there is more going on than the intricacies of the balance of payments. Tariffs – and the accompanying rhetoric – seem to have become more of a tool to brandish power, focus the US inwards, give a boost to specific industries that the US de-emphasised decades ago and secure better trading terms in some loose sense. These appear to be part of a broader ideology that seeks to change US relations with the rest of the world, especially with China. The US has been a big beneficiary of globalisation in the post-War era and, to the extent that these new policies stick in some form, they mark a change in the environment for many businesses.

The changeable and unorthodox nature of policy decisions since the election has created a great deal of uncertainty. Even though a formal tariff system has been unveiled (after months of piecemeal actions) and amended in short order, the uncertainty is by no means resolved given the breadth and extent of the policies announced, the flaws in economic logic behind them and potential scope for further changes. Businesses learned to adapt during the 2018 tariffs, with many rerouting supply chains to bypass the direct effect, but this time the challenge is much greater. There will be pressure on margins, particularly for businesses that import intermediate or finished goods, and who cannot pass those costs on. Equally, businesses reliant on exports may suffer from a change in willingness to freely purchase US goods.

US economic policy uncertainty index, Jan 1985 to Mar 2025



Source: Policyuncertainity.com, 11 April 2025. Three component index - comprised of economic forecaster disagreement, tax code expiration data and news coverage.

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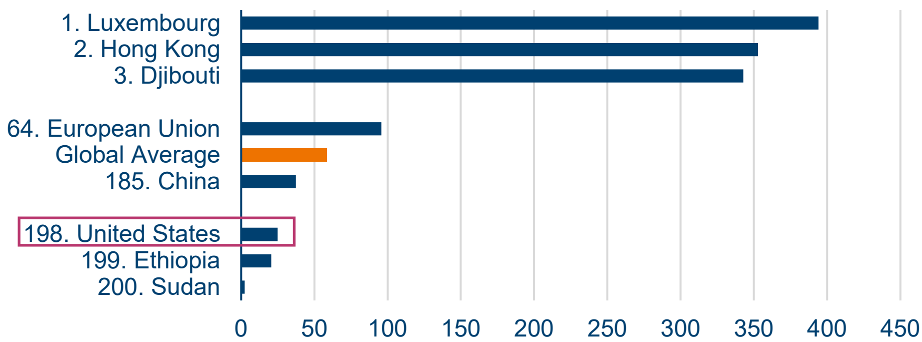
The inflationary and distortive effects of tariffs – not to mention the changes in immigration policies – are likely to put pressure on consumers at a time when there were already signs of weakness setting in. This is leading to concerns that the US might experience a meaningful economic slowdown or recession. The job cuts and contract curtailments of the advisory commission (not government department) known as the Department of Government Efficiency, or DOGE, are contributing to these fears.

However downbeat one might feel about politics in the US and about the potential headwinds facing many businesses, there are some distinct features of the US market that should help it to endure the changing landscape.

Given its economic heft, most countries rely on the US to a much greater degree than the US relies on any individual country. Moreover, the US is largely a domestically driven economy – it is, according to the World Bank, the third lowest on a measure of dependence on global trade, propped up in the rankings by only Ethiopia and Sudan. This reflects the fact that it is a huge trading bloc in its own right – a great deal of trade happens between states rather than across international borders. These points suggest that, however ill-advised a trade war is, at least the US is starting from a position of relative strength.

Trade as a percentage of GDP



Source: World Bank World Development Indicators, based on 2023 trade data, 24 March 2025.

US businesses have a commendable track record of bouncing back and adapting to change

The US remains a highly business-friendly country. Companies can, and do, chart their own course independently of the country and its politics more broadly. In some places in the world, government policies and actions have a huge bearing on the fortunes of the businesses in that country, but that is much less the case in the US. The free market and business-friendly culture are generally intact and arguably could see a boost from several dimensions, not least a more favourable regulatory environment. Also, while DOGE is limited in what it can do, the focus on shrinking the size and scope of government and relying more on private enterprise is likely a positive. Finally, US businesses have a commendable track record of bouncing back and adapting to change.

The news cycle is engaging and the investment industry has plenty to say at a time like this (us included) but companies do not put out press releases, nor do journalists write articles, about what is not changing. We look through the noise and volatility as best we can. We assess the world as it is and is most likely to be, not how we would like it to be. During such periods we keep our focus on what we think has actually changed from a longer-term perspective for investments in the Fund. Such periods of volatility can also throw up opportunities to buy businesses at dislocated prices.

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We remain confident in the long-term fundamentals of the businesses in the Fund and the diversified set of value creation opportunities encapsulated therein. We cannot, with any accuracy, model the direct and indirect effects of tariffs and shifts in government spending on each business the Fund invests in. Some holdings will be directly impacted; the knock-on effects on others are harder to judge. However, we believe the portfolio is broadly insulated from the direct effect of tariffs, at least relatively. A combination of only modest reliance on imports in aggregate, a capital-light 'services over goods' focus and holding businesses with the ability to pass on higher prices and protect margins mean the direct effect of tariffs on the Fund is limited, in aggregate.

Portfolio performance

Commentaries to our investors such as this represent a good opportunity to provide updates on what we are thinking about specific holdings. While we focus below on positions that contributed to or detracted from performance in the course of a three-month window, we ultimately appraise any and all business compounding over a multi-year period.

Notable strong relative performers in Q1 include drug distributor McKesson, payments network Visa, operator of financial marketplaces Intercontinental Exchange and health insurer Elevance Health.

> We remain confident in the long-term fundamentals of the businesses in the Fund and the diversified set of value creation opportunities encapsulated therein

McKesson is largely insulated from the changing business environment as it is a mostly domestic business with little direct impact from tariffs. Given its low sensitivity to a potential macroeconomic slowdown, it is something of a safe haven. Recent results and commentary from the management team suggest the business is sustaining good operating momentum.

Visa also exhibits somewhat defensive characteristics given its utility-like nature and that it essentially earns a royalty on global consumer expenditure so could be a beneficiary of any tariff-induced inflation. However, it is clearly exposed to a potential slowdown in economic activity. The company presented a very healthy set of results in Q1 and this, combined with a well-received investor day, helped spur the relative outperformance.

Intercontinental Exchange exhibits favourable portfolio diversification properties during periods of market turmoil as a large part of its exchanges segment typically sees an increase in activity. The somewhat nascent mortgage segment is progressing well in a tough environment as it gains share from legacy alternatives.

Elevance had a difficult time in 2024, with multiple headwinds converging across its business. More recently the company has seen an improvement in Medicare rates and better pricing to higher medical cost trends, while headwinds in its Medicaid business are abating for now. The stock is trading at a very depressed level of below normalised earnings that we think represents an attractive opportunity over the longer term.

There were several companies not held in the portfolio that, purely due to their size, helped the relative performance of the Fund. These include Apple, NVIDIA and Tesla.

Notable relative detractors during Q1 include hotel companies Hyatt Hotels (Hyatt) and Marriott International (Marrott), online travel agent Booking Holdings and specialty components manufacturer MKS Instruments. Amazon, Alphabet and Microsoft were among the larger detractors to absolute performance but they were smaller on a relative basis.

Hyatt and Mariott both suffered from increased concerns about the macroeconomic environment and the impact it might have on travel. There are also signs that growth in new units is harder to come by. On top of this, Hyatt announced an acquisition that suggests a moderate deviation from its asset-light strategy and increases balance sheet risk. Booking Holdings is also sensitive to macroeconomic weakness and perhaps weakness in the dollar. Despite the shorter-term challenges, we continue to like the long-term free cashflow compounding potential of all three businesses.

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MKS Instruments sells components used in the production of semiconductors and other electronics. The broader shift in the outlook for AI and the potential for a slower rate of capacity additions in the semiconductor industry create headwinds for its customer base. The impact of tariffs on an industry that relies on a highly interconnected global supply chain is also a concern.

Amazon, Alphabet and Microsoft, as the owners of the biggest public cloud businesses and leaders in the build out of AI compute capacity, came under pressure along with the rest of the mega-cap end of the market.

> Increased uncertainty in the outlook for returns and the higher capital intensity of the hyperscalers contributed to us reducing aggregate exposure over the past year

The evolving AI landscape

One of the big factors in the underperformance of the mega-cap technology businesses in Q1 was a change in the debate on the future of AI. The hyperscalers are increasing their spending, at the same time as AI chips and models are getting cheaper and better – and more democratised.

In 1985, the CRAY-2 was the fastest and most powerful computer ever built. It had a peak performance of 1.9 billion floating point operations per second (abbreviated, amusingly, to FLOPS). For comparison, the guidance computer on the Apollo 11 (1969) had just 12,250 FLOPS so this supercomputer was, very much, a vast leap for mankind. Today, a leading chip from NVIDIA (e.g. a GB200) runs at 20 quadrillion FLOPS, or over ten trillion times the performance of the CRAY-2 – and that is just one chip; a typical AI server might have 72 of these.

If someone bought all the CRAY-2s ever built it would not come close to one AI server today. Hypothetically, buying enough CRAY-2s to match the FLOPS of a modern server would cost almost 300 times[2] global GDP, in today's terms, and it would still be pretty useless at running a simple AI model, largely because FLOPS are only one dimension of performance.

This analogy, in a very exaggerated way, highlights one of the problems with spending a huge amount of money on AI servers today when the pace of improvement is so great and so relentless. There is a risk of having too much capacity or the wrong mix of capacity to meet the evolving needs downstream.

This is, partly, why DeepSeek put the cat among the pigeons. The headline numbers quoted about the costs involved in training DeepSeek's LLM were misleading but nevertheless the model was cheaper to develop than many Western ones and pushed the leading edge forward on several dimensions. This event suggests that the highest returns from all the investment may not accrue to the first movers or to those spending all the capex.

If models get better and cheaper we might find we can do more with less. Or we might find new things to do because cheaper AI opens up new possibilities – the so-called Jevons Paradox.

Did the creators of the CRAY-2 envisage a teenager sitting on a bus using a two trillion FLOPS supercomputer to watch videos of someone else playing video games? Either way, the level of uncertainty has increased and justifiably the multitude of companies in the market tied to the AI train underperformed.

This increased uncertainty in the outlook for returns and the higher capital intensity of the hyperscalers contributed to us reducing aggregate exposure over the past year. However, we still see good opportunities for the mega-cap holdings in the Fund, specifically Amazon, Alphabet and Microsoft. They all have formidable businesses beyond their dominant positions in cloud computing and AI and, although there is risk involved in their capital plans, we do not think management teams are acting irrationally at this juncture – they are being measured and flexible in how they spend and realistic about the potential paths AI could take. Although we are cognisant of the risks, we remain upbeat about the compounding potential for these businesses.

2. You would need 10.5 trillion CRAY-2s to match one GB200 and 750 trillion of them to match a server. Costs for CRAY-2 in 1985 were $12-17m, which when expressed in today's dollars comes to $36-51m. Take midpoint of $43.5m and multiply by 750 trillion to get $32,600trn. Then express this as a percentage of global GDP ($110trn), equals 296 times.

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[Credit Acceptance] is an exceptionally well-run business, with a unique culture, sound incentivisation structure and above all a great approach to and track record of allocating capital

Fund activity

We bought four new positions in Q1: Credit Acceptance, GCC, Sysco and International Petroleum. We profile two of these below.

Credit Acceptance

Credit Acceptance is an auto lender but one that is unlike any other. It operates in the deep subprime lending market and, given the highly cyclical nature of this market, it took us time to become comfortable with where it operates. The key, though, is not where it operates, but how it operates. This is an exceptionally well-run business, with a unique culture, sound incentivisation structure and above all a great approach to, and track record of, allocating capital.

We have followed this business since 2017 and met the management team at its headquarters in Detroit in early 2018. Initially we were impressed by the annual letters the founder and CEO wrote to shareholders, the explanations of risk management and the approach to capital allocation. The company has a long track record of buying back shares – see chart of share count on page 7 – and counter-cyclically deploying capital to grow. It was under the radar and, we believe, still is.

Credit Acceptance has a loan underwriting model that allows it to never reject a customer looking for a car loan. The key variable in its risk underwriting is the terms it offers. While many lenders will try to cherry-pick borrowers with better credit histories, Credit Acceptance recognises that the people they lend to often have poor credit because they cannot break a cycle and getting a loan to buy a used car that they can drive to a job puts them on a path to improving their financial standing. This ethos is central to the company and even though they expect to recoup an average of only 70% owed, this is still a very profitable business, with an average return on equity well over 30%.

While there is clearly risk involved in this type of lending, the company has several ways to keep losses in check. First, loans are secured against a vehicle that can be recovered and sold in the event of a default and, by our estimates, the loans to value are considerably lower than standard car loans. The company achieves this, in part, through a sharing mechanism it put in place with dealers who are paid more if the loan performs well and share in the downside if it does not. This incentivises dealers to sell a used car that is in better condition and to maintain a relationship with the customer over the life of the loan (e.g. servicing the car; honouring warranties). This in turn makes it much less likely that the loan will default.

The direct and indirect effects of Covid played havoc with the business. Stimulus cheques and low interest rates meant its typical customer was more attractive to an auto lender that normally operates at higher credit score tiers, so they initially faced more competition. Then as stimulus funds ran out, auto supply chain bottlenecks normalised and interest rates increased, used car prices (the loan collateral) came back down to earth at the same time that loan performance deteriorated. On top of this, a major change in accounting standards introduced in 2020 clouded the true picture of the financials.

We believe the company can see improvements in fundamentals even if loan performance does not recover – it would be a bonus if it did – and we think the accounting changes are masking a much better set of financials. Both of these effects are manifested in the stalling in an otherwise great track record of book value per share growth. We think the latter resumes a healthy growth rate in due course.

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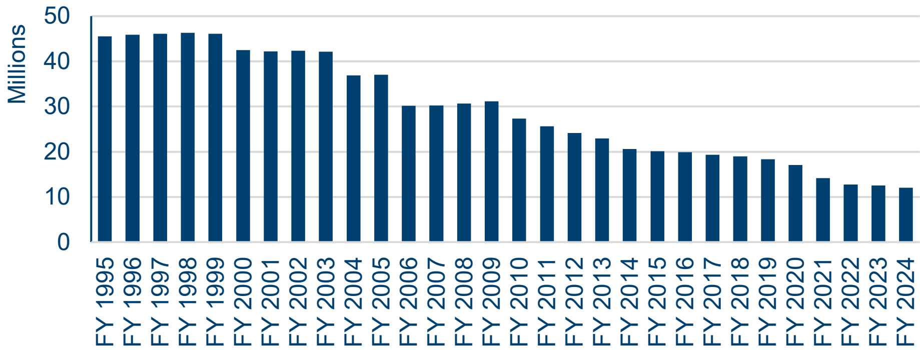
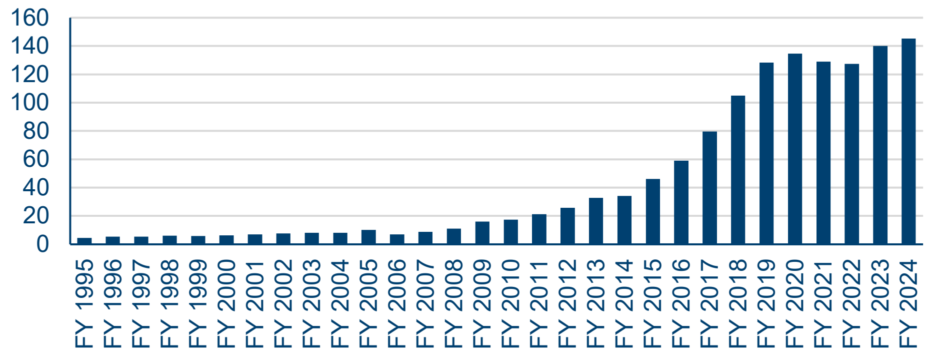
Credit Acceptance diluted shares outstanding, 1995-2024



Source: Company filings, Polar Capital, December 2024

Credit Acceptance book value per share, 1995-2024



Source: Bloomberg, company filings, December 2024.

> [GCC's] US assets are among the best in the country and the company enjoys a number one or two market share position in its core markets

One reasonable question to ask is how we feel about owning a subprime auto lender if there might be a recession on the horizon. While this may lead to a deterioration in loan performance, the bigger effect is the market share gains the company can claim as other lenders quickly retrench. There is a strong counter-cyclical dynamic built into its capital allocation process. The discipline to hold onto capital when times are good and deploy it when competition walks away is a key feature in the success of this business over multiple decades. Indeed, during one of the worst periods for the auto lending industry, Credit Acceptance still earned a 22% ROE in 2008 and 35% in 2009, and nearly doubled its book value per share between 2007 and 2010.

GCC

Founded in 1941 and known until recently as Grupo Cementos de Chihuahua, GCC[3] is a Mexico-headquartered cement and construction materials company. Despite its obvious Mexican heritage and listing, the majority of its assets and operations are in the US, specifically the West Central and Mountain regions, and over 85% of its revenue and EBITDA come from the US.

Its US assets are among the best in the country and the company enjoys a number one or two market share position in its core markets. It has a strategy of focusing on inland markets which keep it insulated from seaborne imports.

3. The Fund held a position in the company in 2021 and 2022 but sold on concerns about planned capacity additions.

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> This gap [in P/E multiples between regions] is a function of the composition of each index and is not a like-for-like comparison of the companies therein

Demand for cement generally grows slowly over time with the biggest driver being infrastructure spending. Notably, this market is currently experiencing tailwinds as a result, in part, of fiscal initiatives from the US government.

On the supply side, cement production is severely constrained. It is very hard to get planning permission for greenfield or brownfield expansion – the last new plant was built almost 20 years ago. The lack of domestic supply growth and GCC's market position give the company pricing power and make its plants among the most profitable in the world.

The company, unsurprisingly, has some Mexican production and part of this is exported to the US making the company an ostensible victim of tariffs. However, this is a relatively small part of the business, less than 10% of profits in total, and in cases when its cement is imported from Mexico, it is typically the marginal supplier and hence there is limited scope to be replaced by incremental US production. As a result, we would expect that tariffs would largely be passed through to the customer, while production from its domestic US plants would remain largely unaffected, or even benefit from higher prices.

Over the past couple of years, GCC has undergone a brownfield expansion of a plant in Texas – the only one of significance allowed in the US for many years. The expansion investment comes to an end this year and will bring meaningful incremental low-cost capacity for GCC and a substantial boost to free cashflow.

Under very reasonable assumptions, the company's equity is trading on a single-digit multiple of projected free cashflow. Given the quality of its assets, the rock-solid net cash balance sheet and an able and long-term focused management team, we believe the valuation is compelling. Ongoing growth from its existing assets, the forthcoming inflection in and deployment of its free cashflow, as well as a possible US listing, could serve as potential tailwinds to help close its severely discounted valuation versus peers.

From an emissions point of view, cement production is one of the worst activities in the world. However, it is an essential product, not only in the running of a functional economy but also in the green transition. The company has credible plans to greatly reduce emissions per tonne of production and we see a path, through the Fund's ownership of GCC shares, to use engagement in a positive way.

Multiple reasons why the US is cheaper than many think

Much is made of the P/E premium of the US market over the rest of the world. It is used to indicate that the US is an expensive market and to make arguments that one would be better of investing in markets with a lower aggregate P/E. We disagree – both with the premise and the conclusion.

What follows is an update to analysis originally carried out and published in early 2024. The MSCI US Index, on a forward P/E basis, trades at a 6.2 turn premium over the MSCI EAFE Index. Our contention is that this gap is a function of the composition of each index and is not a like-for-like comparison of the companies therein. In a stylised sense, if the MSCI EAFE Index had more technology businesses and fewer banks and miners, the gap would not exist.

We can back up our assertion using clear data. The first bar in the chart below shows the headline 6.2 turn gap. The second bar shows what happens when you break the indices down by GICS Level 1 and put them on a more even reckoning, i.e. take EAFE's 21.5% weight in financials and change it to US's 14.5% and its 7.3% weight in IT and change it to US's 27.7%. The P/Es of the companies that make up the sectors do not change, just the weights of those sectors. This step knocks the gap down to 3.7 multiple points.

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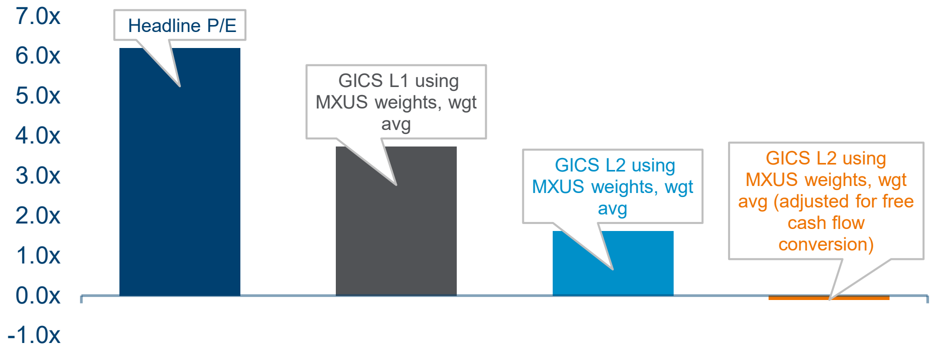
The Fund is not unscathed but we feel assured about the ability of most companies to adjust and continue to compound business value

MXUS P/E minus MXEA P/E



Source: Polar Capital calculations, Bloomberg, 31 March 2025; indices have moved since then but relative positions have not materially changed.

We go a step further and look at GICS Level 2. This puts things on an even more level ground. EAFE's 13.8% weight in capital goods, for instance, goes to 5.5% and its 3.2% weight in software and services goes to 11.2%. Once this exercise is complete the difference goes to 1.6 multiple points.

We could go to GICS Level 3 and Level 4 but the lack of comparability between the indices becomes much starker, and we would end up with industries and sub-industries that have no corresponding companies in the other index. This 'problem' is very supportive of the overall point we are making. The differences in the kinds of business each index is comprised of are so great that we, or anyone else, should not even compare the indices at a headline level in the first place.

Having said that, we cannot help but take the analysis one step further and point out that once you adjust for the fact that US businesses on average convert earnings into free cashflow at a higher rate than their EAFE counterparts, the gap in headline multiples actually swings to a negative figure. Now the US is 'cheaper'[4] than the rest of the world – no trickery involved[5].

If we look at companies that are very similar except for their place of listing, even some that operate in the same geographic markets, we do not see the US-listed companies at a premium to the non-US listed ones. If Visa and Microsoft had been founded in the UK or France, would they be as successful as they have been globally, and if they had been as successful as they have been, would they be valued any differently? This is key to the point that comparisons between regions based purely on high-level indices are likely to be misleading – one always needs to take into account differences in composition and mix.

Conclusion

It has been a tough start to the year for US markets. Trump's re-election came with a great deal of promise but, so far, is mostly delivering uncertainty, disruption and a seismic shift in trade policy. Markets have been pricing in a sea change in policy and adapting to what appears to be a big spanner in the works of globalisation. There are real ramifications for businesses and consumers – and a slowdown, at least, in growth seems likely.

The Fund is not unscathed but we feel assured about the ability of most companies to adjust and continue to compound business value. The capital-light 'services over goods' nature of many portfolio businesses, the focus on pricing power in our process and generally holding businesses with low reliance on imports mean the direct effect of tariffs at the Fund level is reasonably limited.

4. We are not big fans of using 'cheaper' as a synonym for trading at a lower multiple
5. There is some selectivity involved. Readers may note that we standardise according to MSCI US weights, not according to MSCI EAFE weights. If we do it the other way around, we still get the same reduction but it is less dramatic. We think it makes sense to present it as we have done as it puts the focus on the greater number of faster-growing and high quality companies the US has produced.

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Businesses can and will adapt, and the US has a multitude of great attributes that remain unaffected by the changes. We are reluctant to say we are at a point of peak pain or peak uncertainty, but we know that uncertainty creates opportunity – indeed we remain on the front foot and focused on the long-term compounding potential of great businesses that North America has to offer.

Polar Capital North American Team
April 2025

Past performance is not indicative or a guarantee of future returns. All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of securities in this document. A list of all recommendations made within the immediately-preceding 12 months is available upon request. Past performance is not indicative or a guarantee of future returns.

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. Hedged share classes may have associated costs which may impact the performance of your investment.
- The Fund invests in a relatively concentrated number of companies and industries based in one region. 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. Investment in the Fund concerns shares of the Fund and not in the underlying investments of the Fund. 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. A link to the document can be found here.

This document is provided and approved by both Polar Capital LLP and Polar Capital (Europe) SAS.

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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 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 North America Net Total Return Index as a performance target. 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.msci.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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Country Specific Disclaimers

When considering an investment into the Fund, you should make yourself aware of the relevant financial, legal and tax implications. Neither Polar Capital LLP nor Polar Capital Funds plc shall be liable for, and accept no liability for, the use or misuse of this document.

The Netherlands

This document 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 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, KIDs, 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 FundRock Switzerland SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17 quai de l'Ile, 1204 Geneva, Switzerland.

Austria/Belgium/Denmark/Finland/France/Germany/Gibraltar/Ireland/Italy/Luxembourg/Netherlands/Norway/Portugal/Spain/Sweden/Switzerland and the United Kingdom

The Fund is registered for sale to investors in these countries. Investors should make themselves aware of the relevant financial, legal and tax implications if they choose to invest. Please be aware that not every share class of the Fund is available in all jurisdictions.

Morningstar

The Morningstar Medalist RatingTM 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/.

The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.