POLAR CAPITAL

Polar Capital Funds plc
Global Insurance Fund

28 February 2023

GBP Class R Acc | ISIN: IE00B4X2MP98

NAV per Share

GBP Class R Acc	£9.94

Fund Details

Fund Size	£2,330.8 m
Base Currency	GBP
Denominations	GBP/USD/EUR
Fund Structure	UCITS
Domicile	Ireland
Listing	Euronext Dublin
Launch Date	16 October 1998
Investment Manager	Polar Capital LLP
SFDR Classification	Article 8
Historic Yield (%)[3]	**1.27**

Fund Managers

ALPHA MANAGER 2022

Nick Martin
Lead Fund Manager
Nick joined the team in 2001 and manages the fund. He joined Polar Capital in 2010 and has 24 years of industry experience.

Dominic Evans
Fund Manager
Dominic has managed the fund since 2022, he joined Polar Capital in 2012 and has 14 years of industry experience.

Fund Ratings

ELITE RATED ESG Integrated FundCalibre.com

MORNINGSTAR ★★★★★

MORNINGSTAR Gold

FE fundinfo Crown Fund Rating

ELITE RATED by FundCalibre.com

Ratings are not a recommendation.

Fund Profile

Investment Objective

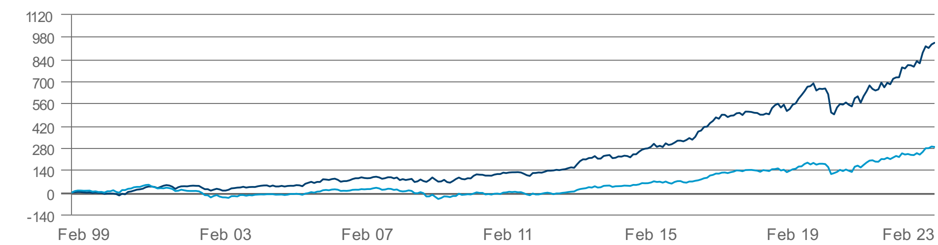
The Fund aims to provide an attractive total return, irrespective of broader economic and financial market conditions, by investing in companies operating within the international insurance sector.

Key Facts

- Managed by industry professionals
- Low correlation to broader equity markets
- 20+ year track record (since launch)
- Typically own 30-35 holdings with low turnover
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

Share Class Performance

Performance Since Launch (%)[1 2]



	1m	3m	YTD	1yr	3yrs	5yrs	10 yrs	Since Launch Cum.	Since Launch Ann.
GBP Class R Acc	1.00	2.15	3.26	26.34	45.08	73.70	251.24	943.53	10.11
Index	-0.72	2.06	2.04	19.59	48.67	62.95	219.23	286.47	5.71

Discrete Annual Performance (%)

12 months to	28.02.23	28.02.22	26.02.21	28.02.20	28.02.19
GBP Class R Acc	26.34	16.81	-1.70	10.11	8.73
Index	19.59	18.25	5.13	5.72	3.68

Performance relates to past returns and is not a reliable indicator of future returns.
Performance for the GBP Class R Acc. The class launched on 16 October 1998. 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. Hiscox Insurance Portfolio Fund launched 16 October 1998, and was merged into the Polar Capital Global Insurance Fund on 27 May 2011. Whilst the investment management team and strategy are identical, not all terms are consistent, including fees. Please refer to the Fund Prospectus for details of the Polar Capital Global Insurance Fund. Prior to the amalgamation of both funds, the benchmark was the Datastream World Insurance Index (£). The benchmark was changed at the launch of the Polar Capital Global Insurance Fund to the MSCI Daily TR World Net Insurance Index which is the benchmark upon which performance fees are calculated.
2. Since launch of the MSCI Daily TR World Net Insurance Index on 30 October 1998.
3. Historic yield is based on a NAV per share of £7.41 and income of £0.0939 per unit paid in the last 12 months, based on GBP 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.**

Portfolio Exposure

As at 28 February 2023

Top 10 Positions (%)

Arch Capital	9.7
RenaissanceRe Holdings	7.2
Marsh McLennan	6.5
Chubb	6.4
Markel	5.7
Fairfax Financial Holdings	4.8
Essent Group	4.6
WR Berkley	4.3
Everest Re Group	3.9
Intact Financial Corp	3.7
Total	**56.8**

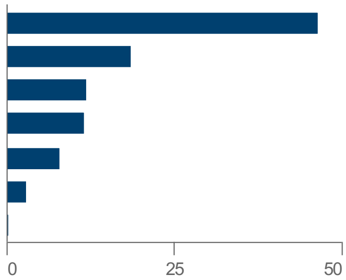
Total Number of Positions	**34**
Active Share	**69.24%**

Market Capitalisation Exposure (%)

Large Cap (>$20bn)	44.0
Mid Cap ($5bn - $20bn)	37.3
Small Cap (<$5bn)	18.7

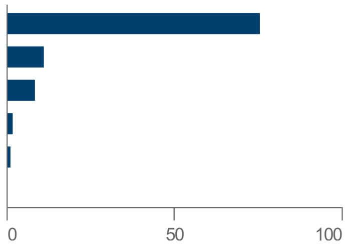
Sector Exposure (%)

Commercial	46.5
Retail	18.7
Insurance Brokers	11.9
Reinsurance	11.7
Life and Health	8.1
Multi-line Insurance	2.9
Cash	0.3



Geographic Exposure by Listing (%)

US	76.2
UK	11.6
Canada	8.5
Asia	2.3
Europe	1.1
Cash	0.3



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

Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF†	Ann. Fee	Perf. Fee††
USD R Acc	PCFIRUA ID	IE00B5164B09	B5164B0	-	1.36%	1.25%	10%
USD R Dist	PCFIRUD ID	IE00B4X9QT28	B4X9QT2	-	1.36%	1.25%	10%
GBP R Acc	PCFIRGA ID	IE00B4X2MP98	B4X2MP9	-	1.36%	1.25%	10%
GBP R Dist	PCFIRGD ID	IE00B51X0H96	B51X0H9	-	1.36%	1.25%	10%
EUR R Acc	PCFIREA ID	IE00B52VLZ70	B52VLZ7	-	1.36%	1.25%	10%
EUR R Dist	PCFIRED ID	IE00B547TM68	B547TM6	-	1.36%	1.25%	10%
USD I Acc	PCFIIUA ID	IE00B4Y53217	B4Y5321	USD 1m	0.86%	0.75%	10%
USD I Dist	PCFIIUD ID	IE00B503VV16	B503VV1	USD 1m	0.86%	0.75%	10%
GBP I Acc	PCFIIGA ID	IE00B5339C57	B5339C5	USD 1m	0.86%	0.75%	10%
GBP I Dist	PCFIIGD ID	IE00B530JS22	B530JS2	USD 1m	0.86%	0.75%	10%
EUR I Acc	PCFIIEA ID	IE00B55MWC15	B55MWC1	USD 1m	0.86%	0.75%	10%
EUR I Dist	PCFIIED ID	IE00B4V4LB63	B4V4LB6	USD 1m	0.86%	0.75%	10%
USD I Acc Hdg	PCGIIHU ID	IE00BD3BW042	BD3BW04	USD 1m	0.86%	0.75%	10%
EUR I Acc Hdg	PCGIIHE ID	IE00BD3BW158	BD3BW15	USD 1m	0.86%	0.75%	10%
Port Hdg GBP I Dist	POLRCPU ID	IE000E6SKV30	BP0VMM3	USD 1m	0.86%	0.75%	N/A
Port Hdg EUR I Acc	PLRGIER ID	IE0001HWFGO2	BPCJJ24	USD 1m	0.86%	0.75%	N/A
Port Hdg CHF I Acc	PLRCAPT ID	IE000OB2CIJ5	BP0VML2	USD 1m	0.86%	0.75%	N/A
GBP RA Dist*	SNGIHPI ID	IE00B5NH4W20	B5NH4W2	-	1.36%	1.25%	N/A
GBP RB Acc*	SNGIHPA ID	IE00B63V4760	B63V476	-	1.36%	1.25%	N/A
GBP I Dist (E)*	HISIPEI ID	IE00B4XZ9Q84	B4XZ9Q8	USD 1m	0.86%	0.75%	N/A
GBP I Acc (F)*	HISIPFA ID	IE00B61MW553	B61MW55	USD 1m	0.86%	0.75%	N/A

***These share classes are closed to new investors.**

†**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 Daily Net TR World Insurance Index.

Fund Managers' Comments

In February, the Fund (GBP R Acc Share Class) returned 1.0% versus -0.7% for the MSCI World Insurance Daily Net Total Return Index benchmark, -0.6% for the MSCI World Daily Net Total Return Index, 1.5% for the FTSE All Share Total Return Index and -0.6% for the S&P 500 Total Return Index (all in GBP terms).

Year to date, the Fund (GBP R Acc Share Class) returned 3.3% versus 2.0% for the MSCI World Insurance Daily Net Total Return Index benchmark, 4.5% for the MSCI World Daily Net Total Return Index, 6.1% for the FTSE All Share Total Return Index and 3.7% for the S&P 500 Total Return Index (all in GBP terms).

US commercial market hardening continues

In the past four years we have seen significant increases in US commercial rates that have enabled Fund companies, for the first time in many years, to materially grow their top-line premiums at improved margins. An acceleration in the Marsh Global Insurance Pricing Index in 2019 and 2020 showed the increasing strength of global commercial market conditions, with pricing improvements most pronounced in larger accounts to which the index is skewed. Premium rate rises continued in 2021 and 2022 at lower levels which we fully expected giving the tough comparatives and the compounded impact of these rate rises have had on restoring underwriting margins to very attractive levels.

As we noted in the January fact sheet commentary, in the fourth quarter the Marsh Global Insurance Pricing Index showed a softening, with rates up 4%, which should be seen in the context of a tough comparative of +13%. This headline number masked an acceleration in property rates from 6% in 3Q22 to 7% in 4Q22 and the ongoing 4Q22 earnings season has added more colour to the positive changes we are seeing in this important market. Property pricing has been given further momentum following the 1 January reinsurance renewals and we would expect the uptick in rate changes we saw in 4Q22 to be more meaningful as we move through 2023.

A key driver of the long-term hardening in the commercial markets has come from a re-evaluation of risk at many large US insurers that have looked to address poorly performing portfolios by cutting back their underwriting appetite. This is well illustrated by a slide in AIG's* recent results which highlighted they have reduced their gross insured risk exposure by over half since 2018, an enormous decrease totalling $1.2trn. When a large insurer withdraws its capacity, it is common that the risk is not only repriced, usually at a much higher level, but it is also broken up into smaller pieces. This results in good underwriting opportunities for smaller insurers where we focus.

Increasing complexity of risk drives specialty market growth

The underwriting losses that have led to the withdrawal of 'Main Street' capacity are often because what used to be a relatively straightforward risk to price has become less so. Take, for example, property risk in California. The potential for earthquake would always have been top of mind for an underwriter but now they also must think about wildfire risk. This harder-to-underwrite risk can no longer be served by the standard admitted US market and so moves into the specialty excess and surplus lines market (E&S). The E&S market is where many Fund holdings such as **WR Berkley**, **Arch Capital**, **RLI** and **Markel** as well as our London market holdings have notable strengths.

While E&S market growth has historically ebbed and flowed with market conditions, today the demand for specialty risk solutions is much more structural. As the complexity of risk continues to increase and uncertainty abounds from climate change to cyber threats, the demand for bespoke, tailored, and specialised underwriting has never been stronger. It is unlikely to reverse any time soon. This is illustrated by the fact that the US E&S market has doubled since 2011 compared to a 55% increase in the US commercial market overall. The E&S market share is now c20% of the US commercial market, up from c10-11% from 2003-17. We estimate that E&S risk comprises over one third of the Fund's commercial insurance exposure.

The attractions of the E&S markets over the traditional admitted market were highlighted by A.J. Gallagher, a broker, on their 3Q22 earnings call: "The E&S market is on fire. And I think you're seeing more premiums move there, freedom of rate, freedom of form; clients need cover, everything from small accounts to large accounts. That's why you're seeing so much interest in terms of people investing in that market...the primary markets, quite honestly, are not as flexible as the E&S market, and able to move at the pace that they can move".

The 'hard reset' in the reinsurance market will drive further rate rises

US catastrophe losses have been elevated since 2017. A meaningful industry loss from Hurricane Ian last year has led to a further reduction in market underwriting capacity at the same time as inflation, alongside macro uncertainty, is fuelling an increase in demand. This demand/supply imbalance led to a 'hard reset' in catastrophe reinsurance pricing that began at the 1 January renewals and this is expected to only become more pronounced as we approach the mid-year renewals as reinsurers further de-risk their portfolios. Consequently, we expect a further flow of property business into the E&S markets as traditional insurers respond to an increasingly difficult reinsurance market.

These trends have already begun to be seen with Ryan Specialty, an E&S-focused broker, highlighting the benefit to their strong 4Q22 organic growth from property trends in just the last two weeks of December. Tim Turner, CEO of Ryan Specialty's wholesale business summed it up, saying: "Property continues to experience a historically hard market as rates rose significantly and capacity tightened. We are seeing a large volume of new business flow into the non-admitted [E&S] market and we remain very encouraged by property's potential looking ahead…the property market is quite hard right now. It could get harder."

Outlook

While industry commentary often focuses on current pricing and conditions, the impact that today's market has on company reported results is only really apparent in 12-18 months' time. Premium revenue from a typical insurance contract will take a year to earn through the income statement and the associated underwriting profit longer still. Given we expect the current excellent underwriting opportunity for our companies to stretch into 2024 and possibly even beyond this bodes very well for reported company results over the next 3-5+ years. It is unsurprising therefore, to note the management teams at many of the Fund's holding companies continue to be particularly bullish. Rob Berkley CEO of WR Berkley summed it up on their 4Q22 call: "As we see new opportunities presenting themselves, I flagged property earlier on, and our presence in the E&S space, I think, is going to create meaningful opportunity for us, certainly over something between the next 12 to 36 months".

* not held

Nick Martin & Dominic Evans

2 March 2023

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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.
- 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.
- 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 may enter into a derivative contract. The Fund's use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as failure amongst market participants.
- The use of derivatives will result in the Fund being leveraged (where market exposure and the potential for loss exceeds the amount the Fund has invested) and in these market conditions the effect of leverage will magnify losses. The Fund makes extensive use of derivatives.
- If the currency of the share class is different from the local currency in the country in which you reside, the figures shown in this document may increase or decrease if converted into your local currency.

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

Important Information

This is a marketing communication and does not constitute a solicitation or offer to any person to buy or sell and 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.

This Fund promotes environmental and/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 Fund's prospectus or by visiting www.polarcapital.co.uk.

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.

Further information about fund characteristics and any associated risks can be found in the Fund's Key Information Document ("KID") or the Key Investor Information Document ("KIID"), the Prospectus, 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, via email by contacting Investor-Relations@polarcapitalfunds.com or at www.polarcapital.co.uk. The KID/KIID is available in Danish, Dutch, English, French, German, Italian, Spanish and Swedish; the Prospectus is available in English. ESG and sustainability characteristics are further detailed on the fund's prospectus and websites (https://www.polarcapital.co.uk/gb/professional/ESG-and-Sustainability/Responsible-Investing/ and https://www.polarcapital.co.uk/gb/professional/Our-Funds/Global-Insurance/#/ESG).

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.

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Benchmark The Fund is actively managed and uses the MSCI Daily TR World Net Insurance 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 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.

Country Specific Disclaimers Please be aware that not every share class of every fund is available in all jurisdictions. 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 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 - Global Insurance 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 / Denmark (professional only) / Finland / Germany / Ireland / Luxembourg / Norway / Spain / Sweden 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.