



USD Class I Dist | ISIN: IE00B5NR9F09

**NAV per Share**

USD Class I Dist US\$15.39

**Fund Details**

Fund Size	US\$26.8 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 (%)<sup>1</sup>** **2.06**
**Fund Managers**

**George Barrow**
**Fund Manager**

George has managed the fund since 2017. He joined Polar Capital in 2010 and has 14 years of industry experience.


**John Yakas**
**Fund Manager**

John has managed the fund since launch. He joined Polar Capital in 2010 and has 34 years of industry experience.


**Fund Profile**
**Investment Objective**

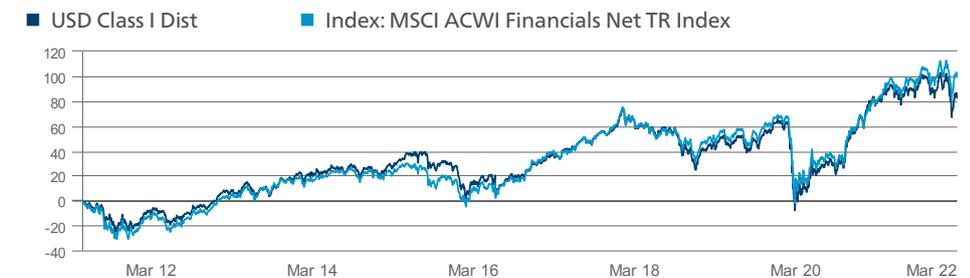
The Fund aims to provide long-term capital growth by investing primarily in the securities of financial sector companies globally.

**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

**Fund Ratings**


Ratings are not a recommendation. Please see below for further information.

**Share Class Performance**
**Performance Since Launch (%)**


	Since Launch								
	1m	3m	YTD	1yr	3yrs	5yrs	10 yrs	Cum.	Ann.
USD Class I Dist	-2.29	-4.36	-4.36	2.26	27.48	33.60	95.50	82.40	5.66
Index	0.92	-0.41	-0.41	11.13	35.72	45.75	125.57	99.92	6.55

**Discrete Annual Performance (%)**

12 months to	31.03.22	31.03.21	31.03.20	29.03.19	29.03.18
USD Class I Dist	2.26	68.94	-26.21	-9.78	16.16
Index	11.13	56.94	-22.19	-7.77	16.44

**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. 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 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.

1. Historic yield is based on a NAV per share of US\$15.39 and income of US\$0.3167 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.**

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## Portfolio Exposure

As at 31 March 2022

### Top 10 Positions (%)

JPMorgan	4.6
Bank of America	4.0
Chubb	3.4
Arch Capital	3.3
HDFC Bank	3.3
Toronto-Dominion	3.1
PayPal Holdings	2.7
AIA Group	2.3
PNC	2.3
Sumitomo Mitsui Financial	2.3

**Total 31.3**

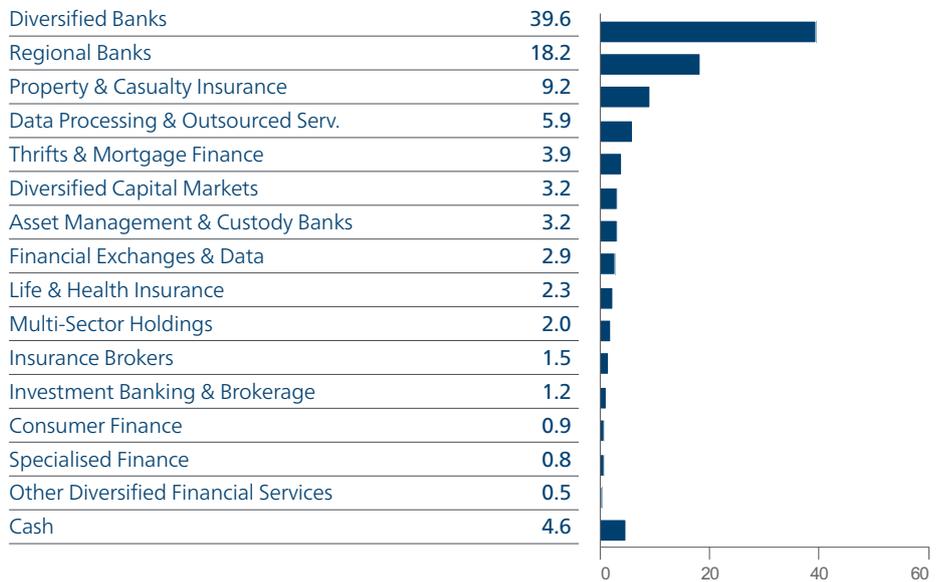
**Total Number of Positions 57**

**Active Share 70.51%**

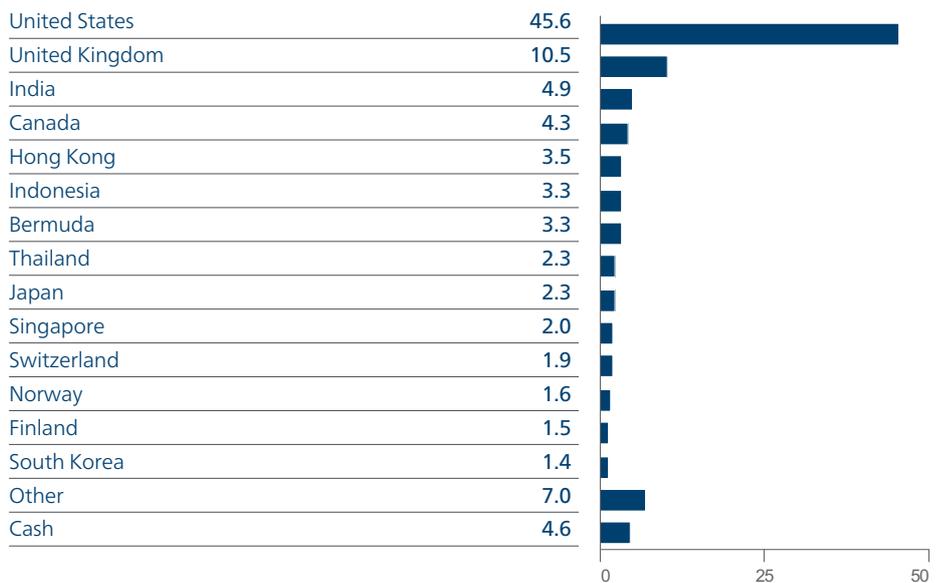
### Market Capitalisation Exposure (%)

Large Cap (>US\$10 bn)	86.1
Mid Cap (US\$1 bn - 10 bn)	10.5
Small Cap (<US\$1 bn)	3.4

### Sector Exposure (%)



### Geographic Exposure (%)



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

Continued uncertainty relating to the economic impact from the war in Ukraine weighed on the sector during the month. MSCI ACWI Financials rose 0.9% in March relative to a 2.2% rise in MSCI ACWI, with strength in insurance and diversified financials offset by weakness in the banking sector (all figures in dollar terms). Despite the relative weakness in the month, global financials outperformed broader markets by 4.9% in the first quarter of the year. The Fund's NAV (USD\$ I Acc Share Class) fell 2.2% in the month, affected primarily by its overweight position in US banks, along with the underweight in Australia and Japan, as investors reassessed the macro outlook.

### US

US financials fell 0.6% in March driven by weakness in US banks (-6.9%), which was partially offset by strength in insurance (+7.3%) and diversified financials (+1.2%). Sentiment towards the banking sector was affected by a flattening in the yield curve (2yr-10yr), which inverted towards the end of the month. The movements in bond markets occurred following a revaluation of the macro outlook in response to a supply-driven inflation shock related to the Ukrainian crisis. This has come alongside relatively hawkish central bank commentary, with Fed Chairman Jerome Powell indicating rate hikes at each of the six remaining meetings this year.

While we recognise that the growth outlook has moderated and the war in Ukraine has added to inflationary pressures, a recession is not our base case. Importantly, the labour market remains strong (+431,000 jobs in March), savings rates are high (US households have built up \$2.1trn during Covid, \$17,000 per household), wage growth is rising (in line with inflation for the lowest income quartile) and financing conditions, while tightening, remain highly stimulative, with real rates negative at -2.3% (real policy rates were +2% on average looking back at the past seven US recessions). It is also important to put the 2yr-10yr yield curve inversion in context as other yield curves are not indicating a recession (10yr-3m has been steepening), and adjusted for inflation, the real 2yr-10yr curve remains upward sloping.

We remain positive on US banks (the Fund's key overweight) which are highly geared to rising short-term rates and improving loan demand, which we expect to more than offset the headwinds from cost inflation and a normalisation in provisioning. However, in recognition of a more uncertain environment, we reduced the overweight during the month (primarily through the sale of Regions Financial) and added to more defensive sectors (non-life insurance, payments and exchanges).

### Europe

European financials were also affected by weakness in the banking sector (-3.2%, in dollar terms) with sentiment driven by developments in Ukraine. Visibility on the scale and duration of the indirect impacts on the region from the war remains low. However, it is clear that Europe is now facing a combination of slower growth, higher inflation and higher interest rates. This has led to earnings estimates being cut in aggregate for the sector although there is a large degree of variation depending on the level of direct exposure to Russia, with higher provisioning and cost estimates being partly offset by higher interest rate expectations.

The ECB noted that European banks' exposure to Russia appears contained and dismissed the possibility of a blanket ban on bank dividends. Given excess capital levels, the outlook for European bank capital return is strong, with the yield premium to the broader market at a historical high. The Fund has no direct exposure to Russia

with our European bank exposure concentrated in core Europe and the UK. During the month OSB (UK challenger bank) reported encouraging FY21 results, highlighting the opportunity for specialist banks in the region. OSB reported a 20% ROE supported by NIM expansion as well as strong cost efficiency (26% C/I) and announced a £100m buy-back (total yield of 8.9%).

### Asia

Asian financials performed broadly in line during the month, with weakness in China offset by strength in Australia (+13%, in dollar terms), Indonesia (+2.8%) and Malaysia (+2.9%), all beneficiaries of rising commodity prices. In light of the improving macro outlook in Indonesia, supported by containment of the Omicron wave and a tailwind from rising commodity prices, we added to our Indonesia exposure during the month (BCA and BRI).

China's zero-Covid policy continues to weigh on economic activity, with PMI data in March coming below expectations and highlighting a contraction in both manufacturing and services. The Omicron wave has led to more shutdowns in China (restrictions implemented in Shanghai and Shenzhen during the month), and though Hong Kong has eased certain measures (reducing quarantine for international arrivals to one week), the strict rules continue to impact the economy. While there have been signs of policy easing in China (property restrictions eased, SME tax cuts and accelerated infrastructure investment), we have concerns about the continued drag from Covid restrictions (the Fund has no direct exposure to China) given the combination of vaccine hesitancy and relatively low levels of acquired immunity from previous exposure.

### Outlook

There are a number of cross-currents impacting the outlook which range from improving mobility as Covid fears fade (although unevenly spread across regions), rising inflationary pressures, elevated geopolitical risk and a normalisation in monetary policy. Rising prices are impacting purchasing power, but both household and corporate balance sheets are strong while the rate environment remains highly accommodative. Given a reduction in visibility and a moderation in the growth outlook, we have taken a slightly more defensive positioning but remain constructive on the outlook for the sector. With bank stocks trading at pre-Covid lows in terms of relative valuations, offering attractive yields and set to see material tailwinds to earnings from higher interest rates, we view an attractive risk/reward but acknowledge that increased visibility on the potential fallout from the Ukrainian war is likely required before market sentiment improves.

George Barrow & John Yakas

5 April 2022

## Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF <sup>†</sup>	Ann. Fee	Perf. Fee <sup>**</sup>
USD R Acc	PCFOPRU ID	IE00BCRYMD54	BCRYMD5	-	1.59%	1.50%	10%
USD R Dist	PFOPPRU ID	IE00B6429P10	B6429P1	-	1.59%	1.50%	10%
GBP R Acc	PCFOPRG ID	IE00BCRYMF78	BCRYMF7	-	1.59%	1.50%	10%
GBP R Dist	PFOPPRG ID	IE00B5KQ7014	B5KQ701	-	1.59%	1.50%	10%
EUR R Acc	PCFOPRE ID	IE00BCRYMG85	BCRYMG8	-	1.59%	1.50%	10%
EUR R Dist	PFOPPRE ID	IE00B5LFNN25	B5LFNN2	-	1.59%	1.50%	10%
USD I Acc	PCFOPIU ID	IE00BCRYMH92	BCRYMH9	USD 1m	1.09%	1.00%	10%
USD I Dist	PFOPPIU ID	IE00B5NR9F09	B5NR9F0	USD 1m	1.09%	1.00%	10%
GBP I Acc	PCFOPIG ID	IE00BCRYMJ17	BCRYMJ1	USD 1m	1.09%	1.00%	10%
GBP I Dist	PFOPPIG ID	IE00B676X694	B676X69	USD 1m	1.09%	1.00%	10%
EUR I Acc	PCFOPIE ID	IE00BCRYMK22	BCRYMK2	USD 1m	1.09%	1.00%	10%
EUR I Dist	PFOPPIE ID	IE00B5NCML29	B5NCML2	USD 1m	1.09%	1.00%	10%

<sup>†</sup>Ongoing Charges Figure (OCF) is the latest available, as per the date of this factsheet.

<sup>\*\*</sup>Performance Fee 10% of outperformance of MSCI ACWI Financials Net TR Index.

## 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.
- 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.

## Important Information

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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.

Further information and any associated risks can be found in the Fund's Key Investor Information Document ("KIID"), the Prospectus, the Articles of Association and the annual and semi-annual reports. 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 KIID is available in Danish, Dutch, English, French, German, Italian, Spanish and Swedish; the Prospectus is available in English.

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 ACWI Financials Net TR 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.msibarra.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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**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, 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.

## Important Information (contd.)

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