

Introduction

This Shareholder Engagement Policy (the “**Policy**”) has been written in accordance with the requirements of Directive (EU) 2017/828 and the relevant state implementation provisions applicable to Polar Capital (together, the “**SRD II**”).

Polar Capital LLP and Polar Capital (Europe) SAS have developed this policy to outline how Polar Capital engages with its investee companies through the course of its management of the funds listed in Appendix A (hereinafter the “**Funds**”).

Article 3(g)(1)(a) of SRD II requires asset managers, such as Polar Capital, to disclose how they:

1. Integrate shareholder engagement into their investment strategy.
2. Monitor the investee companies of their funds, including on matters of:
 - a. strategy,
 - b. financial / non-financial performance and risk,
 - c. capital structure,
 - d. ESG
 - e. Corporate governance,
3. Conduct dialogue with investee companies of their funds.
4. Exercise the voting rights and other rights attached to shares held by their funds.
5. Co-operate with other shareholders of the investee companies of the funds.
6. Communicate with the relevant stakeholders of the investee companies of their Funds.
7. Manage actual and potential conflicts of interests in relation to their engagement activities.

This Policy should be read in conjunction with Polar Capital’s [Conflicts of Interest Policy](#) and [Proxy Voting Policy](#).

Application

Polar Capital LLP

Polar Capital LLP is authorised in the United Kingdom as a UCITS Management Company and Alternative Investment Fund Manager with MiFID II permissions by the Financial Conduct Authority (“**FCA**”) and is authorised in the United States as an Investment Adviser by the Securities Exchange Commission (“**SEC**”).

Polar Capital LLP is within scope of the SRD II through the obligations laid out in COBS 2.2B.1 of the FCA handbook.

This Policy shall apply to Polar Capital LLP in respect of all investments it makes on behalf of the Funds on a regulated market. A regulated market is defined in COBS 2.2B.2 and 2.2B.3 as a UK Recognised Investment Exchange (“**UK RIE**”) or a third country equivalent of a UK RIE (“**Third Country RIE**”) (together UK RIEs and Third Country RIEs shall hereinafter be defined as “**Regulated Market**”).

Polar Capital LLP has determined that it will apply this Policy to all investments in shares made by Polar Capital LLP on behalf of the Funds it manages, regardless of whether those shares are listed on Regulated Markets or not.

Polar Capital (Europe) SAS

Polar Capital (Europe) SAS is authorised in France as an Alternative Investment Fund Manager with UCITS management company permissions by the Autorité des Marchés Financiers (“**AMF**”).

Polar Capital (Europe) SAS is within scope of the SRD II by virtue of being an ‘asset manager’ as defined in Article 2(f) of the Shareholder Rights Directive 2007/36/EU.¹

1. As amended by Article 2(2)(b) SRD II.

Delegation

Polar Capital LLP has in place a sub-Investment Management Agreement with Polar Capital (America) Corporation for the management of Polar Capital Funds plc – Global Convertible Fund and the Polar Capital Funds plc – Global Absolute Return Fund. Further, Polar Capital LLP has sub-Investment Management Agreement in place with Polar Capital Partners (Jersey) Limited for the management of the Polar Capital European Forager Fund Limited.

Polar Capital (America) Corporation is authorised in the United States as an Investment Adviser by the SEC and Polar Capital Partners (Jersey) Limited is regulated by the Jersey Financial Services Commission.

Polar Capital (Europe) SAS has delegated portfolio management activities in respect of the Polar Capital China Mercury Fund to Polar Capital LLP.

This Policy shall apply collectively to Polar Capital LLP, Polar Capital (Europe) SAS, Polar Capital (America) Corporation and Polar Capital Partners (Jersey) Limited, who shall hereinafter be referred to as “**Polar Capital**” or “**Polar Capital Group**”.

Roles and Responsibilities

The Board of Directors of the Polar Capital Group (the “**Board**”) has ultimate responsibility for overseeing the management of the Polar Capital’s compliance with applicable laws and regulations.

The Board has delegated responsibility for the Polar Capital Group’s compliance with this Policy to the Chief Investment Officer of Polar Capital, Sandy Black, (the “**CIO**”) who will monitor its implementation and adherence to it.

Integration of shareholder engagement in Polar Capital’s investment strategy

Polar Capital views an active, bottom-up approach to engagement and voting as an essential way for it to perform its duty as stewards of the capital that investors have invested into the Funds. Whilst Polar Capital are not activist investors, Polar Capital engages with investee companies where we feel that such engagement will have a positive impact on that investee company’s performance and will enhance shareholder value.

Each investment team at Polar Capital has autonomy over the level of integration of shareholder of engagement that they may implement in their investment process. To this end, Polar Capital does not employ a one size fits all approach.

Broadly speaking, Polar Capital seeks to integrate shareholder engagement at each level of the investment process, from pre-investment due diligence to monitoring investee companies through the holding period of the shares to the point of divesting in the investee company.

However, the CIO of Polar Capital and the Risk team provide a central monitoring function for each investment strategy and hold periodic meetings with investment teams to discuss their investment processes, including engagement.

Polar Capital will use the engagement methods outlined below as guidelines for each investment team as to the best course of action in most instances.

Aspects of Shareholder Engagement

1. Monitoring of Investee Companies

The investment teams across Polar Capital monitor investee companies regularly as a core part of their investment strategy. Such monitoring is key to the active investment philosophy that is a core part of Polar Capital.

Polar Capital assesses each investee company’s strategy in isolation and with reference to that company’s competitive environment and the macro-economic factors relevant to that company’s sector.

Polar Capital will evaluate the financial statements of each investee company, including the balance sheet, profit and loss statement and cash flow statements and each investment team applies their own metrics to these financial statements to gain an understanding of the investee company’s financial position. Investment teams use these metrics to evaluate the capital structure of the investee company and the merits of the investee company’s future capital investment plans. Investment teams update these metrics periodically to take account of new financial information and projections released by the investee company, its stakeholders and third-party research.

Consideration of an investee company's capital structure will also include an assessment of the rights attaching to the shares and debt instruments issued by the investee company and how they may affect Polar Capital's position in the event of a key shareholder vote or in the event that the investee company encounters financial difficulties.

Polar Capital and its investment teams will also evaluate an investee company's non-financial performance and risk as part of its assessment of the investee company's strategy. Polar Capital's assessment of non-financial performance and risk is also tied to external factors including the competitive environment in the investee company's sector and the macro-economic outlook (both locally and globally).

Investment teams across Polar Capital assess the risks posed to an investee company by changing environmental, social and governance factors. Investment teams will evaluate the ESG factors that the team deem relevant for each investee company, sector and geographic region both at the point of investment and on an ongoing basis.

In evaluating an investee company's strategy, Polar Capital uses its own internal research on investee companies, as well as third party research and data providers, to build a full picture of the investee company from both a financial and non-financial perspective.

2. Conduct of dialogue with Investee Companies

Investment teams across Polar Capital view regular dialogue with investee company management as a key part of their analytical process. While Polar Capital does not engage in shareholder activism (i.e. investing in an investee company for the specific purpose of bringing about change), Polar Capital does view active ownership as important. Polar Capital believes that purposeful dialogue with investee companies with a specific and targeted objective can achieve change.

Where possible, investment teams will meet with management in person, as part of an investee company's roadshow or on an ad hoc basis. Where meeting in person is not viable, investment teams attend investor relations calls or webcasts and meet with management remotely.

Investment teams use these meetings and calls as a forum to discuss a range of issues with management, such as their strategy, financial performance and ESG risks, and, where the portfolio manager deems it appropriate, to raise any concerns over direction of the investee company.

Where a concern has been raised by an investment team to an investee company's management about the direction of an investee company or a specific issue relating to that investee company, or where an investment team determines that engagement would not be an appropriate course of action, an investment team may consider divesting from the investee company rather than engaging in further discussions with management to ensure that it is able to protect the best interests of its own shareholders through efficient allocation of its management time.

3. Exercise of voting rights and other rights attached to shares

Polar Capital believes that the use of voting rights can be an effective way of communicating its views to the investee companies of its fund's on matters relevant to that investee company.

In accordance with Polar Capital's Proxy Voting Policy, Polar Capital's investment teams have agreed to a default position of voting with the recommendations of its proxy advisor, Institutional Shareholder Services ("ISS" or the "Proxy Advisor"). However, the investment teams will monitor votes and the Proxy Advisor's research and recommendations and will vote in accordance with the best interests of the Funds, which may not be in line with the Proxy Advisor's recommendations.

In cases of investee companies domiciled outside of the United Kingdom, Polar Capital may not be able to vote on proxies due to the relevant country's processes not supporting the Proxy Advisor set up and requiring physical attendance to vote on shareholder resolutions.

Polar Capital requires its investment staff to disclose where a conflict of interest arises in respect of a proxy vote between Polar Capital and the relevant investment staff member. Disclosure of the conflict is required to be made to the Chief Investment Officer and the Global Chief Legal and Compliance Officer, who will then assess how the proxy should be voted in order to act in the best interests of the relevant Fund.

4. Cooperation with other shareholders

Polar Capital does not generally seek to co-operate with other shareholders of the investee companies of its funds, unless the relevant investment team deems it necessary to act in the best interests of the Fund.

Where a member of an investment team at Polar Capital does wish to reach out to other shareholders of an investee company, Polar Capital requests that the investment team raises this proposed interaction with the Compliance department to ensure that Polar Capital acts within the global framework of competition law and market abuse law that it is subject to.

5. Communication with relevant stakeholders of the Investee Companies

Polar Capital and its investment teams engage with the stakeholders of investee companies, such as employees, suppliers and customers of the investee companies, where this will provide Polar Capital with a better understanding of the operations of an investee company.

Where an investment team feels it is appropriate, they may also become members of local or international industry or sector forums or organisations, which provide the investment team with a group of stakeholders with whom they can exchange views on the challenges facing investee companies.

6. Management of actual and potential conflicts of interests in relation to its engagement

In accordance with regulations applicable to the Polar Capital Group, Polar Capital has policies and procedures in place to manage actual or potential conflicts of interest that may arise during the course of its investment management activities.

Polar Capital's Conflicts of Interest Policy and Proxy Voting outline how Polar Capital identifies conflicts that may arise, for example, between Polar Capital and its Funds or investors in those Funds or between Funds and their investors or between Polar Capital or its Funds and Polar Capital's third party service providers.

Polar Capital requires staff employed at Polar Capital to act in the best interests of Polar Capital's clients at all times. Where staff have an actual or potential conflict of interest that may affect Polar Capital or its clients, they are required to report this conflict to the Compliance department and it is recorded in the Polar Capital Conflicts of Interest Log.

Where a conflict could influence an engagement by Polar Capital or one of its investment teams with an investee company, that conflict will be escalated to the Chief Investment Officer and the Global Chief Legal and Compliance Officer, who will decide on the appropriate course of action in the best interests of the Fund. Such courses of action may include disclosure of the material conflict to the relevant Fund to obtain their consent before Polar Capital carries out the relevant engagement.

Access to shareholder engagement policy and annual implementation disclosure

This Policy has been made publicly available free of charge on the Polar Capital website.

In accordance with Article 3g(1)(b) of the SRD II, Polar Capital shall disclose on an annual basis:

1. A general description of its voting behaviour.
2. An explanation of the most significant votes over the reference period.
3. An explanation of how Polar Capital uses proxy advisors.
4. A summary of the votes cast at general meetings of investee companies in the Funds, other than those that are insignificant due to subject matter or the size of the position held in the investee company.

Polar Capital will keep this Policy under review to ensure that it reflects Polar Capital's approach to shareholder engagement at the given time. Where necessary, Polar Capital will revise and update the Policy to reflect any changes to its approach.