

## Fund Fact Sheet

29 January 2021

US\$ Class I Acc  
ISIN: IE00BPRBXQ74



### NAV per Share

US\$ Class I Acc US\$16.20

### Fund Particulars

Fund Size	US\$93.0 million
Base Currency	US\$
Denominations	US\$ / GBP / EUR
Fund Structure	Open-ended UCITS
Domicile	Dublin, Ireland
Listing	Irish Stock Exchange
Launch Date	12 September 2014
Management	Polar Capital LLP

### Fund Managers



#### James Douglas

##### Fund Manager

James has managed the Fund since 2019, he joined Polar Capital in 2015 and has 21 years of industry experience.

## Fund Profile

### Investment Objective

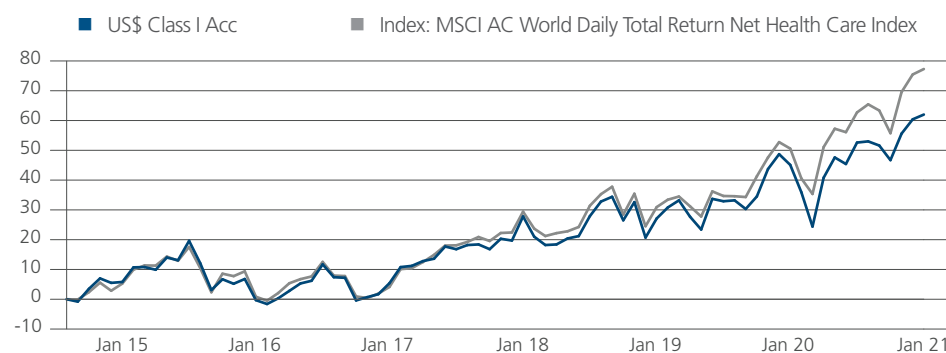
The Fund aims to achieve long-term capital appreciation by investing in a globally diversified portfolio of healthcare companies.

### Key Facts

- Team of 6 sector specialists
- Team with 130+ years of combined industry experience
- Typically 25-40 large-cap stocks
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

## Share Class Performance

### Performance Since Launch (%)



	1 month	3 month	YTD	1 year	3 years	5 years	Since Launch	
							Ann.	Cum.
US\$ Class I Acc	1.00	10.43	1.00	11.65	26.76	62.49	7.84	62.00
Index	1.04	13.84	1.04	17.74	37.01	75.80	9.38	77.28

### Discrete Annual Performance (%)

12 months to	29.01.21	31.01.20	31.01.19	31.01.18	31.01.17
US\$ Class I Acc	11.65	14.16	-0.55	21.25	5.72
Index	17.74	15.01	1.18	24.26	3.27

Source: Northern Trust International Fund Administration Services (Ireland) Ltd, monthly percentage growth, US\$ and has been calculated to account for the deduction of fees. Fund performance does not take account of any commissions or costs incurred by investors when subscribing for or redeeming shares. The US\$ Class I Acc was launched on 12 September 2014. The index performance figures are sourced from Bloomberg and are in US\$ terms. These figures refer to the past. Investments in funds are subject to risk. **Past performance is not a reliable indicator of future returns.** The money invested in a fund can increase and decrease in value and past performance is not a reliable indicator that you will get back the full amount invested. The performance calculation is based on US\$. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Please see the Important Information on the last page of this document for further information on the risks to your investment.

# Polar Capital Funds plc - Healthcare Blue Chip Fund

## Portfolio Exposure & Attribution

As at 29 January 2021

### Performance Attribution - 1 Month (%)

#### Top Contributors

Name	Active Weight	Attrib. Effect
Alynham Pharmaceuticals	2.05	0.34
Neurocrine Biosciences	2.10	0.29
Sartorius AG	2.02	0.29
Syneos Health	2.64	0.20
Merck & Co	-2.89	0.20

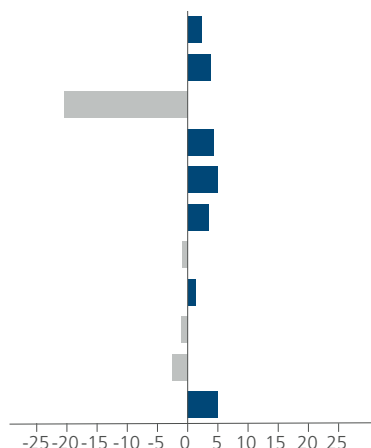
#### Top Detractors

Name	Active Weight	Attrib. Effect
Abbott Laboratories	-2.75	-0.34
Moderna	-0.48	-0.27
ACADIA Pharmaceuticals	1.90	-0.26
Thermo Fisher Scientific	-2.74	-0.22
Humana	2.38	-0.16

Performance attribution is calculated in US\$ on a relative basis over the month.

### Sector Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund (%)	Relative (%)
Healthcare Equipment	22.5	2.3
Biotechnology	17.7	3.8
Pharmaceuticals	17.6	-20.5
Life Sciences Tools & Services	13.1	4.3
Managed Healthcare	12.0	4.9
Healthcare Facilities	4.8	3.4
Healthcare Services	2.9	-0.9
Healthcare Distributors	2.7	1.3
Healthcare Supplies	1.6	-1.1
Healthcare Technology	0.0	-2.6
Cash	5.1	5.1



The column headed "Fund (%)" refers to the percentage of the Fund's assets invested in each sector. The column headed "Relative (%)" refers to the extent to which the Fund is overweight or underweight in each sector compared (relative) to the index.

### Top 10 Positions (%)

UnitedHealth Group	6.6
Amgen	4.7
Becton Dickinson	4.3
Medtronic	4.0
AstraZeneca	4.0
Bristol Myers Squibb	4.0
Roche	3.5
Bio-Rad Laboratories	3.5
Sanofi	3.5
Baxter International	3.0

**Total** 41.1

**Total Number of Positions** 33

**Active Share** 75.36%

### Market Capitalisation Exposure (%)

Large Cap (>US\$10 billion)	79.6
Mid Cap (US\$5 billion - US\$10 billion)	15.3
Small Cap (<US\$5 billion)	0.0
Cash	5.1

### Geographic Exposure (%)

United States	66.0
Germany	7.4
Ireland	4.0
United Kingdom	4.0
Switzerland	3.5
France	3.5
Australia	2.3
Netherlands	2.3
Sweden	1.8
Cash	5.1

## Share Class Information

### Codes & Fees

Share Class	Bloomberg	ISIN	SEDOL	OCF	Annual Fee
US\$ Class I Acc	PCFIUSA ID	IE00BPRBXQ74	BPRBXQ7	0.99%	0.85%
US\$ Class I Dist	PCFIUSD ID	IE00BPRBXP67	BPRBXP6	0.99%	0.85%
GBP Class I Acc	PCFIGBA ID	IE00BPRBXV28	BPRBXV2	0.99%	0.85%
GBP Class I Dist	PCFIGBD ID	IE00BPRBXT06	BPRBXT0	0.99%	0.85%
EUR Class I Acc	PCFIEUA ID	IE00BPRBXS98	BPRBXS9	0.99%	0.85%
EUR Class I Dist	PCFIEUD ID	IE00BPRBXR81	BPRBXR8	0.99%	0.85%

**Minimum Investment: Class I Shares;** US\$1 million (or its foreign currency equivalent).

**Performance Fee** 10.00% of outperformance of MSCI AC World Daily Total Return Net Health Care Index.

**Ongoing Charges Figure (OCF)** is the latest available, as per the date of this factsheet.

### Administrator Details

Northern Trust International Fund  
Administration Services (Ireland) Ltd

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**Dealing** Daily

**Cut-off** 15:00 Dublin time

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.

# Polar Capital Funds plc - Healthcare Blue Chip Fund

## Fund Managers Comments

As at 29 January 2021

Global equity markets have had an uncertain start to 2021, with healthcare modestly outperforming the broader markets. With both Moderna and Pfizer/BioNTech having set very high bars with their COVID-19 vaccine data late in 2020, the market appears to be less enthusiastic about the recent updates from Johnson & Johnson (JNJ) and Novavax, possibly an unjust assessment. Looking at the healthcare subsectors, life sciences and tools and healthcare services were strong during January whereas managed healthcare and facilities lagged. Pharmaceuticals and biotechnology were both in modest, positive territory. The Fund was up 1% (I US\$ Acc Share Class) in January, broadly in line with the benchmark (MSCI AC World Daily Net TR Health Care Index) which was up 1.04% (in dollar terms) for the month.

The first three weeks of January contained a number of the ingredients that underpin our constructive stance on the healthcare sector as we look at 2021 and beyond, namely companies investing in technologies that drive efficiencies. Here, both Boston Scientific and Hill-Rom are looking to acquire assets that remotely monitor patients' cardiac activity, highlighting the need for early detection and management of cardiac disease. January also witnessed some clinical updates that were well received by the market in the areas of Alzheimer's (Eli Lilly) and polyneuropathy (Alnylam), with the positive COVID-19 vaccine data from JNJ and Novavax coming later in the month.

M&A was also buoyant in January with half a dozen deals announced in the first week alone. Last but not least, the start to the reporting season has been positive with bellwethers United Healthcare, JNJ, Abbott Laboratories and Danaher all reporting strong 2020 earnings with in-line to better guidance for 2021. Unfortunately, the strong start to the year and early enthusiasm was tempered with a marked selloff as we approached the month end. The catalyst for the selloff, we believe, was triggered by the ever-growing influence of retail investors and the decision for pockets of the market to reduce near-term risk exposure via de-grossing.

In terms of material catalysts during the reporting period, Eli Lilly's phase II Alzheimer's data was probably the highlight. Eli Lilly's donanemab, an antibody that targets a modified form of beta amyloid called N3pG, showed a significant slowing of decline in a measure of cognition and daily function in patients with early symptomatic Alzheimer's disease compared to a placebo. In the trial, donanemab slowed decline by 32% relative to the placebo which is a statistically significant outcome. In terms of next steps, Eli Lilly is running another clinical trial but is also in discussion with the US FDA to assess the regulatory path forward. US biotechnology company Alnylam also disclosed positive topline results for its next-generation asset vutrisiran. Vutrisiran, being developed for the treatment of polyneuropathy (a disease where multiple peripheral nerves become damaged), met the primary and all secondary endpoints. A major de-risking event, the update was very well received by the market.

There were also two COVID-19 vaccine updates in the reporting period, from JNJ and Novavax. JNJ's vaccine candidate was 72% effective in the US and 66% effective overall at preventing moderate to severe COVID-19 28 days after vaccination. An underwhelming headline, perhaps, but the vaccine was 85% effective in preventing severe disease and also demonstrated complete protection against COVID-19-related hospitalisation and death. Given the single dose, and the ease of storage (the vaccine candidate is estimated to remain stable for at least three months at temperatures of 2-8°C), then the vaccine could well play an important role in tackling the COVID-19 crisis globally. Novavax also disclosed encouraging results for its vaccine, with 89.3% efficacy in its phase III UK study, with 85.6% efficacy against the UK-variant strain. Novavax also conducted a phase III South African study with the vaccine showing 60% efficacy.

Positive contributors from active positions were Alnylam Pharmaceuticals, Neurocrine Biosciences and Sartorius. Alnylam Pharmaceuticals reacted positively to a clinical update early in the month, as discussed previously. Neurocrine's momentum was in response to a solid set of preliminary financial results, with lead asset Ingrezza (for the treatment of tardive dyskinesia – involuntary, repetitive body movements) showing stability after a challenging period, which was driven by a high percentage of psychiatric practices not taking face-to-face meetings with patients. Life sciences and tools company Sartorius produced another very strong set of operational

results and also updated its long-term guidance, guidance that comfortably exceeded consensus expectations.

Negative contributors from active positions were ACADIA Pharmaceuticals, Humana and Swedish Orphan Biovitrum (SOBI). There were no material updates from US biotech ACADIA during the reporting period, with the stock possibly caught up in the de-grossing momentum. Managed care company Humana actually offered an encouraging update at an investor conference in early January but suffered alongside the managed care group, a group that appears to be very much out of favour at present. SOBI's struggles correlate with downgrades to near-term earnings revisions, with the management team looking to invest in recently acquired or in-licensed pipeline assets.

In terms of portfolio changes, we added positions in Australian healthcare services company Ramsay Health Care and US biotechnology company Biohaven Pharmaceutical. Ramsay Health Care is a leading private hospital operator in Australia, a business that has been adversely impacted by the COVID-19 crisis. With a growing backlog, we believe that surgery volumes could accelerate in the coming months, a scenario that is not necessarily fully reflected in the current valuation. Biohaven Pharmaceutical's recent share price weakness can be attributed to the failure of Alzheimer's asset, tririluzole, in a phase II/III study looking at symptomatic treatment. The primary driver in the equity story, however, is the migraine asset, Nurtec, which is having an excellent launch that is putting upwards pressure on consensus forecasts.

The additions to the portfolio were funded by sales in Chugai Pharmaceuticals and Eli Lilly, both which have enjoyed significant, positive momentum in recent months. Following a marked derating heading into the US elections, Chugai has benefitted from a rapid, post-election rerating as the market digested the positive implications of a Democratic President but a divided Congress. Eli Lilly has also rerated in spectacular fashion following a positive financial update in December 2020, some positive newsflow for its key diabetes asset, tirzepatide, and the previously mentioned Alzheimer's data.

January has been a hugely frustrating month, but one that leaves us with heightened enthusiasm for the healthcare sector given what lies ahead. The frustration comes from the end-of-month selloff following what was a really strong start to the year, both in terms of newsflow and operational momentum. The enthusiasm is borne from the observation that some of the key investment themes we have identified are evident and accelerating. The healthcare industry is continuing to invest in products, technologies and services that will drive efficiencies and coordinate care to yield better outcomes for patients. The pace of innovation is unlikely to slow, and there is strong rationale that M&A will continue to be an important source of growth as companies look to complement their internal assets. Prevention is super-critical, and there is hope that the accelerated investment in diagnostics infrastructure will prove to be valuable once we move past the COVID-19 crisis and healthcare systems start to screen for a wider menu of diseases. With the political landscape in the US also becoming clearer, given the Biden administration is appearing to adopt a more supportive and inclusive philosophy, we think an optimistic stance is the right one.

**James Douglas**

5 February 2021



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# Polar Capital Funds plc - Healthcare Blue Chip Fund

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