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The Directors of Polar Capital Funds public limited company, whose names appear under the heading “Management and Administration” in the prospectus of the Company dated 22<sup>nd</sup> June, 2020 the Prospectus accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

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## **INCOME OPPORTUNITIES FUND**

(a Fund of Polar Capital Funds public limited company)

## **SUPPLEMENT**

**DATED 9<sup>th</sup> MARCH, 2021**

## DEFINITIONS

“Business Day”	means a day (other than Saturday or Sunday) on which commercial banks and/or stock exchanges/markets in both Dublin and London and/or in any other or further financial centre which the Directors may determine to be relevant for the operations of the Company on that day are open for business (including dealings in foreign exchange and foreign currency deposits).
“Dealing Day”	each Business Day (provided always there shall be at least one Dealing Day per fortnight).
“Index”,	<p>STOXX EUROPE 600 Financials (Net Return) EUR Index (Bloomberg: SXFINR)</p> <p>The STOXX EUROPE 600 Financials (Net Return) EUR Index, as currently constituted, is a capitalisation weighted net return index of European companies involved in the financial sector such as banking, insurance, real estate and financial services. Companies are categorised according to the Industry Classification Benchmark (ICB) market standard. The Index is quoted in Euro (sterling adjusted). Further information can be found on <a href="http://www.stoxx.com">www.stoxx.com</a>.</p>
“Official List”	the Official List and regulated market of Euronext Dublin.
“Share Class” or “Share Classes”	such class of Shares in a Fund as the Directors from time to time designate, the current share classes in respect of the Income Opportunities Fund being the Class A1 GBP Distribution Shares, Class A2 GBP Accumulation Shares, Class B1 GBP Distribution Shares, Class B2 GBP Accumulation Shares, Class R US Dollar Distribution Shares, Class R Euro Distribution Shares, Class R US Dollar Accumulation Shares, Class R Euro Accumulation Shares, Class R Euro Hedged Distribution Shares, Class R Euro Hedged Accumulation Shares, Class R US Dollar Hedged Accumulation Shares, Class R US Dollar Hedged Distribution Shares Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares.
“SFDR”	means the Sustainable Finance Disclosure Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.
“Valuation Point”	the close of business in the relevant markets on the Dealing Day.

**INCOME OPPORTUNITIES FUND**  
**(the “Fund”)**

**INTRODUCTION**

Polar Capital Funds public limited company (the “Company”) is authorised in Ireland by the Central Bank as a UCITS for the purposes of the Regulations. The Company is an open-ended investment company with variable capital and is structured as an umbrella fund consisting of a number of different funds. Each fund represents a single portfolio of assets, with segregated liability between funds. Each fund may have more than one Share Class allocated to it. A separate portfolio of assets will not be maintained for separate Share Classes within a fund. As at the date of this Supplement the other existing funds of the Company are: the Japan Fund (terminated), the Global Technology Fund, the Healthcare Opportunities Fund, the Emerging Markets Income Fund, the Global Insurance Fund, the Financial Opportunities Fund, the North American Fund, the Asian Opportunities Fund, the Japan Value Fund, the Global Convertible Fund, the Biotechnology Fund, the Healthcare Blue Chip Fund, the UK Absolute Equity Fund (terminated), the European Income Fund (terminated), the European ex UK Income Fund, the UK Value Opportunities Fund, the Automation & Artificial Intelligence Fund, the Emerging Market Stars Fund, the Asian Stars Fund, the China Stars Fund, the Global Absolute Return Fund and the Healthcare Discovery Fund.

**This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent audited annual report and accounts and, if published after such report, a copy of the latest unaudited semi-annual report.**

The Shares have been admitted to the Official List and trading on the regulated market of Euronext Dublin.

As at the date of this Supplement, there are no other Share Classes in the Fund, but additional Share Classes may be added in the future in accordance with the requirements of the Central Bank.

The base currency of the Fund is Sterling.

**Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed in the “Risk Factors” section of the Prospectus and this Supplement), can tolerate a medium level of volatility that is generally associated with an income fund, and believe that the investment is suitable based upon investment objectives and financial needs. An investment in the Fund should be viewed as medium to long-term.**

**Shareholders and prospective investors should note that all of the fees and expenses of the Fund will be charged to the capital of the Fund. This will have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and “income” will be achieved by foregoing the potential for future capital growth. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.**

**INVESTMENT OBJECTIVE**

The investment objective of the Fund is to provide an attractive level of income together with capital growth.

## INVESTMENT POLICIES

In order to achieve its objective the Fund will invest primarily in the equity, debt and other securities of listed financial companies.

The Fund will invest at least 25% of its gross assets on a continuous basis directly in Equity Participations.

The debt securities in which the Fund will invest will be fixed and floating rate and include, but are not limited to, preference shares, convertible bonds, debentures and bonds with the restriction that unrated debt securities will not be greater than 25% of the Net Asset Value of the Fund. The other securities in which the Fund may invest will be securities with equity characteristics, including but not limited to preferred stocks, as well as depository receipts (including global depository receipts traded) for such securities.

Investment by the Fund in the above securities is restricted to securities listed on the Regulated Markets set out from time to time in the Prospectus. Investment will be made in the securities of companies listed or traded on global Regulated Markets. To the extent that the Fund will invest in the securities of companies listed or traded in emerging markets, such investment will not exceed 20% of the Net Asset Value of the Fund. In addition, the Fund may invest in the equities of companies whose principal business is to provide support services to such financial sector companies, or companies which derive a substantial proportion of their profits from the financial sector, to include but not limited to IT/software companies and finance companies, and the securities of such companies will be listed or traded on any global Recognised Exchange. The Fund may invest up to 10% of the Net Asset Value of the Fund in unlisted securities which may include initial public offering stocks of financial companies.

The Investment Manager will ordinarily endeavour, in normal market conditions, to adhere to the above investment policies, however, the Fund may, from time to time hold up to 100% of the Fund's Net Asset Value in cash for general cash management and liquidity purposes, or if such investments were considered to be in the best interests of the Shareholders of the Fund. The Fund may invest in money market instruments such as open ended money market funds comprising of short-term securities representing high quality liquid debt and monetary instruments, subject to an overall limit of no more than 10% of the Fund's Net Asset Value being invested in open-ended collective investment schemes.

The Fund may utilise financial derivative instruments for investment and efficient portfolio management purposes as further detailed below; such financial derivative instruments may include futures, exchange traded and over-the-counter options, contracts for difference, index swaps, total return swaps, forward foreign exchange contracts, currency swaps or participation notes. The extent that the Fund may be leveraged as a result of the use of derivatives for investment purposes will vary but it is expected not to exceed 50% of the Net Asset Value of the Fund in normal market conditions. However, the Fund has the capacity to be leveraged up to 100% of its Net Asset Value. The global exposure of the Fund shall be measured using the commitment approach.

The following is a description of the types of financial derivative instruments which may be used by the Fund.

**Exchange Traded Futures:** Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. The commercial purpose of futures contracts can be to allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing

out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Using futures to achieve a particular strategy instead of using the underlying or related security or index may result in lower transaction costs being incurred. The Fund may enter into futures contracts for both efficient portfolio management purposes and investment purposes. Equity index futures may be used to change the sensitivity to equity market price movements, with reference to the market represented by the index underlying the contract.

**Options:** The Fund may from time to time purchase or sell options for both efficient portfolio management purposes and investment purposes. The types of option contract are limited to equity option contracts, equity index option contracts, bond option contracts and foreign exchange option contracts. There are two forms of options, put and call options. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option at a specified price. Options may also be cash settled. The Fund may be a seller or buyer of put and call options.

**Contracts for Difference (CFDs):** The Fund may enter into CFDs for both efficient portfolio management purposes and investment purposes. CFDs may be used to change the sensitivity of the portfolio to individual equity price movements. The Fund may enter into CFDs as a replacement for direct investment in transferable securities in order to avail of cost or liquidity advantages of FDI over transferable securities. CFD are also utilised to obtain synthetic short exposures to particular issuers. CFD allows a direct exposure to the market, a sector or an individual security. Unlike a forward contract, there is no final maturity, the position being closed out at the discretion of the position taker. CFD are used to gain exposure to share price movements without buying the shares themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and when the contract is closed. In a long CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have increased in value had it been invested in the underlying security or securities, plus any dividends that would have been received on those stocks. In a short CFD contract, the counterparty agrees to pay the Fund the amount, if any, by which the notional amount of the CFD contract would have decreased in value had it been invested in the underlying security or securities. The Fund must also pay the counterparty the value of any dividends that would have been received on those stocks. CFDs are OTC FDIs and the counterparty will usually be an investment bank or broker

**OTC Futures and Index Swaps:** The Fund may enter into OTC futures and index swaps contracts for both efficient portfolio management purposes and investment purposes. OTC futures and index swap contracts may be used to change the sensitivity to equity market price movements, with reference to the market represented by the index underlying the contract.

**Forward Foreign Exchange Contracts:** Forwards are not traded on exchanges but are Over the Counter (OTC) transactions. A forward contract locks-in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date. Forward foreign exchange contracts may be used for the most part for hedging purposes to seek to reduce foreign exchange risk where the assets of a Fund are denominated in currencies other than the Base Currency but may also be used to take views on the direction of currency movements. The Fund may from time to time enter into currency exchange transactions to protect against fluctuations in the relative value of its portfolio positions as a result of changes in currency exchange rates.

**Forward Exchange Swaps:** A forward exchange swap contract is an agreement negotiated between two parties to exchange the return on cash for the return on varying currencies. The Fund may from time to time enter into forward currency exchange swaps transactions to protect against fluctuations in the relative value of its portfolio positions as a result of changes in currency exchange rates.

**Swaps or Participation Notes:** The Fund may from time to time purchase swaps and participation notes, the underlying securities of which are the types of securities set out above in the section “Investment Objective and Policies”, where access to such underlying securities is difficult or more risk is involved in the local settlement process. The swaps or participation notes (which include index swaps and total return swaps) will only be used to obtain access to a specific security, however the Investment Manager considers that this will only be undertaken in limited markets and limited cases. The local security will be purchased by a local branch of an internationally recognised investment bank/broker who will issue a swap or participation note on the underlying security. The counterparty to the Fund is the internationally recognised investment bank/broker. The Fund will diversify its exposure to counterparties by trading with several internationally recognised investment banks/brokers at any given time. The swap/participation note will be monitored on a daily basis by reviewing the price of the swap/participation note to the price, or the movement in the price, of the underlying security.

The use of repurchase and stock lending arrangements is permitted for the Fund for the purposes of efficient portfolio management only, subject to the conditions and limits of the Central Bank.

The Fund is considered to be actively managed in reference to the Index by virtue of the fact that (i) it uses the Index for performance comparison purposes and (ii) the performance fees payable to the Investment Manager are calculated based on the performance of the Fund against the Index. The Index is considered to be consistent with the investment policy of the Fund. However the Index is not used to define the portfolio composition of the Fund nor as a performance target and the Fund may be wholly invested in securities which are not constituents of the Index.

## **SECURITIES FINANCING TRANSACTIONS AND TOTAL RETURN SWAPS**

The Fund may engage in securities financing transactions (stocklending arrangements and repurchase/ reverse repurchase agreements, “SFTs”) and total return swaps, as described under “Repurchase / Reverse Repurchase and Stock-Lending Arrangements for the Purposes of Efficient Portfolio Management” and “Financial Derivative Instruments”. The types of assets that will be subject to securities financing transactions will be equity or fixed income securities, and the underlying asset of a total return swap will be an equity, fixed income security, convertible bond or corresponding index.

The maximum exposure of the Fund in respect of SFTs shall be 100% of the Net Asset Value of the Fund and in respect of total return swaps, shall be a maximum gross exposure of 100%. However, the Investment Manager does not anticipate that a Fund’s exposure to SFTs will exceed 20% of the Net Asset Value of a Fund, and with regard to total return swaps net exposure is likely to remain within the range -20% to +100% of the Net Asset Value of the Fund.

Further details on SFTs are set out in the Prospectus under the heading “Securities Financing Transactions and Total Return Swaps.”

## **BORROWING RESTRICTIONS**

The Company is a UCITS and, accordingly, the Fund is subject to the investment and borrowing restrictions set out in the Regulations. These are set out in detail in Appendix II of the Prospectus.

## **INTEGRATION OF SUSTAINABILITY RISKS WITHIN THE INVESTMENT PROCESS**

### **Sustainability Risks**

Pursuant to Article 6 of the SFDR, the Company is required to disclose the extent to which sustainability risks are integrated into the investment decision making process and the anticipated impacts of those risks on the financial returns of the Fund.

Sustainability risks are defined in the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (the 'SFDR') as environmental, social or governance events or conditions that, if they were to occur, could have actual or potential material negative impacts on the value of the investments of the Fund.

### **Integration of Sustainability Risks within the Investment Decision Making Process**

The Investment Manager integrates sustainability risks within its investment decision making process for the Fund, both at the initial due-diligence stage and as part of its ongoing monitoring.

Prior to investing in a security for the Fund, the Investment Manager considers the sustainability risks posed to the issuer of the security by evaluating the sum of the environmental, social or governance risks it faces.

From a governance perspective, an assessment is made of the issuer's approach to risk management reflecting the business models of companies in the sector. Social factors evaluated include the impact of regulation on the issuer from its business model and the issuer's sales practices, financial inclusion and labour practices. Environmental considerations include issuer's exposure to economies or companies significantly exposed to the oil or coal industries. The Investment Manager will consider these sustainability risks in conjunction with the financial analysis it undertakes on the issuer and specific security that is being considered and will take a balanced approach with regarding to the merits of investing in the relevant security.

During the period that the Fund holds a security, the Investment Manager will monitor the issuer's exposure to sustainability risks by regular monitoring of the above factors. Where, in the view of the Investment Manager, the issuer's or security's exposure to sustainability risks greatly increases during the holding period, this will cause a review of the Fund's position in the security, which may or may not cause the Investment Manager to sell the security.

The sustainability risks relating to securities within the investment universe of the Fund are measured with reference to third party data providers' ratings of the relevant issuer as well as through consideration of the disclosures in issuers' annual reports and meetings or correspondence with management.

### **Impact of Sustainability Risks on the Returns of the Fund**

It is anticipated that the occurrence of the sustainability risks could have a moderate impact on the financial returns of the Fund. The anticipated impact has been assessed through looking at the past performance of securities in the sector when affected by environmental, social or governance failings.

The Investment Manager acknowledges that the Fund's exposure to sustainability risks is changeable in the current environment and shall keep the Fund's exposure to these risks under periodic review. Where the Investment Manager considers, as a result of such a review, that the Fund's exposure to sustainability risks has materially changed, these disclosures will be updated accordingly.

### **PRINCIPAL ADVERSE IMPACT REPORTING**

As permitted under Article 4 of the SFDR, the Company does not consider adverse impacts of investment decisions on sustainability factors at an entity level (described in the SFDR as a "principal adverse impact") on the basis that it is not a financial market participant that is required to do so given that the Company does not have an average number of employees exceeding 500 during the financial year. The Company may choose at a later date to publish and maintain the consideration of principal adverse impacts of investment decisions on sustainability factors at an entity level.

### **DISCLOSURE PURSUANT TO THE TAXONOMY REGULATION**

This Fund does not have as its objective sustainable investment, nor does it promote environmental or social characteristics. As a result, the Fund does not fall within the scope of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment. The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities.

### **MANAGEMENT AND ADMINISTRATION**

Detailed descriptions of the Directors and service providers to the Company are set out in the Prospectus.

#### **Investment Manager**

Polar Capital LLP has been appointed as Investment Manager (the "Investment Manager") to the Company. The individual manager at Polar Capital LLP with prime responsibility for the Fund will be Nick Brind.

**Nick Brind** - joined Polar Capital following the acquisition of HIM Capital in September 2010 and is manager of the Income Opportunities Fund. His investment experience covers a wide range of asset classes including UK equities, closed-end funds, fixed-income securities, global financials, private equity and derivatives. Prior to joining HIM Capital, Nick worked at New Star Asset Management. While there he managed the New Star Financial Opportunities Fund, a high-income financials fund investing in the equity and fixed-income securities of European financials companies, which outperformed its benchmark index in all 6 years that Nick managed it. Previously he worked at Exeter Asset Management and Capel-Cure Myers. At Exeter Asset Management, Nick managed the Exeter Capital Growth Fund from 1997 to 2003 which over this period was in the top decile of the IMA UK All Companies Sector. Nick has a Masters in Finance from London Business School.

#### **Administrator and Depositary**

The administrator, registrar, transfer agent and secretary to the Company is Northern Trust International Fund Administration Services (Ireland) Limited.

The Depositary of the Company's assets is Northern Trust Fiduciary Services (Ireland) Limited.

## VALUATION OF ASSETS

The Net Asset Value of the Fund and the Net Asset Value attributable to the Share Classes, as at the Valuation Point, will be calculated by the Administrator in accordance with the requirements of the Articles and full details are set out under the heading “Statutory and General Information” in the Prospectus. The Net Asset Value of the Fund will be expressed in Sterling. The Net Asset Value as at the Valuation Point on a Dealing Day will be calculated by the Administrator the next Business Day and will normally be available by 5.00pm (Irish Time) the next Business Day.

The value of instruments or securities which are quoted, listed or dealt in on a Regulated Market shall (save in certain specific cases as further detailed in the Articles and the Prospectus) be the last traded price on such Regulated Market as at the Valuation Point, or the mid-price where no trades occurred on such day. Further details are set out in the Articles of Association and in the Prospectus under the heading of “Statutory and General”.

## DIVIDEND POLICY

### Distribution Share Classes

#### Dividends and Distribution Dates

If sufficient net income is available in respect of the Fund, the Directors’ current intention is to declare quarterly distributions (including interest and dividends) which will be distributed by the last Business Day of each quarter as detailed below of substantially the whole of the net income.

<b>Record Date</b>	<b>Ex-Dividend Date</b>	<b>For Distribution By</b>
31-Mar	First Business Day in April	Last Business Day in April
30-Jun	First Business Day in July	Last Business Day in July
30-Sep	First Business Day in October	Last Business Day in October
31-Dec	First Business Day in January	Last Business Day in January

In order to enable the Fund to pay a larger distribution amount the expenses which are attributable to the Fund are charged to capital. The effect of this is that capital will be eroded to allow higher dividends to be paid, thereby reducing the potential for future capital growth.

#### Income Equalisation

The Fund operates equalisation in relation to all Distribution Share Classes. A Shareholder who has purchased Distribution Shares during a Distribution Period will receive a distribution made up of two amounts:

- income which has accrued from the date of purchase, and
- capital which represents the return of the equalisation element.

The effect is that income is distributed to Shareholders in proportion to the duration of their ownership of the Distribution Shares in the relevant Distribution Period. All Distribution Shares purchased during a Distribution Period will contain in their purchase price an amount called equalisation which represents a proportion of the income (if any) of the Fund, attributable to the relevant Distribution Share Class, that has accrued (but has not

been distributed) up to the date of issue. This will be calculated daily and will be available upon request from the Administrator. The amount of equalisation is averaged across all the Shareholders of the relevant Distribution Share Class and is refunded to them as part of the first distribution after their purchase of Distribution Shares. Such returned equalisation may be treated as a return of capital for tax purposes depending on the tax rules in the country where a Shareholder pays tax. Shareholders of all Distribution Share Classes who redeem their Distribution Shares will receive an amount which will include the income accrued to the date of redemption and which may be treated as income for tax purposes, subject to the tax rules in the country where a Shareholder pays tax.

Shareholders of Distribution Shares may elect in their application for Shares either to receive dividends in cash or to reinvest the dividend amount in further Distribution Shares. In the absence of the Shareholder making the election as above, the Fund shall reinvest the dividend payment in Distribution Shares, until otherwise directed in writing by the Shareholder. If dividends are to be paid in cash, they will normally be paid by electronic transfer at the Shareholder's risk and expense.

Failure by a Shareholder (who has specifically elected to receive dividends in cash) to provide required documentation in connection with anti-money laundering procedures will result in dividend payments being held in an Umbrella Cash Account until receipt of required documentation. Further details in respect of the operation of the Company's Umbrella Cash Account are set out in the Prospectus under the section headed "Operation of Umbrella Cash Account".

Any distribution for dividend entitlements of less than US\$100 (or its foreign currency equivalent) in value will automatically be reinvested in the subscription of further Distribution Shares, unless a Shareholder elects to receive dividends in cash.

Any dividend paid on a Distribution Share that is not being claimed will not earn interest and, if not claimed within six years of its declaration, shall be forfeited and shall be returned to the account of, and for the benefit of the Fund.

### **Accumulation Share Classes**

It is not the current intention to pay dividends in respect of the Accumulation Share Classes.

### **MINIMUM SUBSCRIPTION AND MINIMUM HOLDING**

***Class A1 GBP Distribution Shares and Class A2 GBP Accumulation Shares, Class R US Dollar Distribution Shares, Class R Euro Distribution Shares, Class R US Dollar Accumulation Shares, Class R Euro Accumulation Shares, Class R Euro Hedged Distribution Shares, Class R Euro Hedged Accumulation Shares, Class R US Dollar Hedged Accumulation Shares and Class R US Dollar Hedged Distribution Shares.***

There is no minimum subscription or minimum holding requirement.

***Class B1 GBP Distribution Shares and Class B2 GBP Accumulation Shares.***

The Class B1 GBP Distribution Shares and Class B2 GBP Accumulation Shares are each subject to a minimum subscription of GBP1 million (or its foreign currency equivalent).

The minimum subscription for all Class B Shares may be waived or reduced at the sole discretion of the Directors.

There is no minimum holding requirement.

***Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares.***

Subject to the discretion of the Company and the Investment Manager (taking into account applicable local regulations), the Class I Shares are for institutional investors or intended for providers of advisory services or discretionary investment management who:

- I. provide advisory services or discretionary investment management; or
- II. have separate fee arrangements with their clients and do not receive or retain trailer fees or any other fee, rebate or payment from the Fund in relation to those services and activities.

The Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares are each subject to a minimum subscription of GBP1 million (or its foreign currency equivalent).

The minimum subscription for all Class I Shares may be waived or reduced at the sole discretion of the Directors.

There is no minimum holding requirement.

The aggregate of an investor's investments in the Class A1 GBP Distribution Shares, Class A2 GBP Accumulation Shares, Class R US Dollar Distribution Shares, Class R Euro Distribution Shares, Class R US Dollar Accumulation Shares, Class R Euro Accumulation Shares, Class R Euro Hedged Distribution Shares and Class R Euro Hedged Accumulation Shares, Class R US Dollar Hedged Accumulation Shares, Class B1 GBP Distribution Shares, Class B2 GBP Accumulation Shares, Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares or any other Share Class(es) that may be established in the future, may be taken into account for the purpose of satisfying the minimum subscription requirement should an investor wish to switch Share Classes in accordance with the switching provisions set out below.

***Class Z GBP Accumulation Shares and Class Z GBP Distribution Shares***

The Class Z Shares are each subject to a minimum subscription and minimum holding requirement of 150 million British pounds.

The Class Z Shares will only be available to investors who hold at least 150 million British pounds in the Share Class (subject to the discretion of the Directors to determine otherwise).

Subject to the discretion of the Company and the Investment Manager, the Class Z Shares, which are denominated in Sterling (GBP), are intended for purchase primarily by institutions or individuals who can invest the minimum subscription amount as stated above and who have a separate fee arrangement in place with the Investment Manager.

It is intended that the Class Z Shares will be closed to *new* investors upon the receipt of subscription monies into the Fund at a level determined by the Directors, at their discretion.

## HEDGED SHARE CLASSES

The Fund will enter into certain currency related transactions in order to hedge the currency exposure of the assets of the Fund attributable to a particular Class into the currency of denomination of the relevant Class. Any financial instruments used to implement such strategies with respect to one or more Hedged Classes shall be assets/liabilities of a Fund as a whole but will be attributable to the relevant Hedged Classes and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Hedged Classes.

Any currency exposure of a Hedged Class may not be combined with or offset against that of any other Class of the Fund. The currency exposure of the assets attributable to a Hedged Class may not be allocated to other Classes.

Where the Investment Manager seeks to hedge against currency fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However over-hedged positions will not exceed 105% of the Net Asset Value and under-hedged positions will not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged against currency risk. Hedged positions will be reviewed daily to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above and are not carried forward from month to month. To the extent that hedging is successful for a particular Hedged Class the performance of the Hedged Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class will not gain if the Base Currency appreciates against the currency of the Hedged Class.

## SUBSCRIPTIONS

### Procedure

Before applying for Shares, applicants must first open an account by completing an account opening form and sending this, and such other papers (including documentation relating to money laundering prevention checks) as may be required by the Company or its delegate, to the Administrator.

Once the applicant has received confirmation from the Administrator that its account has been opened and the applicant has received its account number, the applicant can subscribe for Shares by completing the application form prescribed by the Directors in relation to the Fund ("**Application Form**"). Application Forms shall (save as determined by the Company) be irrevocable.

Applicants are required to obtain a copy of the Key Investor Information Document for the Fund and its Share Classes prior to subscribing to the Fund. Applicants will be required to represent (which representation will form part of the Application Form) that they have received a copy of the relevant Key Investor Information Document in paper or electronic form. The Key Investor Information Document(s) will be available at [www.polarcapital.co.uk](http://www.polarcapital.co.uk).

Applicants for Shares must send their completed Application Form by mail, facsimile or by electronic means as may be agreed with the Administrator, provided such means are in accordance with the requirements of the Central Bank, so as to be received by the Administrator no later than 3.00pm (Irish time) on the relevant Dealing Day. If the application is received after the designated time it will be held over until the following Dealing Day and Shares will then be issued at the subscription price in respect of that Dealing Day. Subscription monies must be received no later than three Business Days following the relevant Dealing Day.

**Shares in the Company will only be issued to an investor when full supporting documentation in relation to anti-money laundering prevention checks has been received to the satisfaction of the Company and the Administrator.**

Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (subject to an investor having received a copy of the relevant Key Investor Information Document in paper or electronic form) by mail, facsimile, by electronic means, provided such means are in accordance with the requirements of the Central Bank, or telephone order, and such applications should contain such information as may be specified from time to time by the Directors or their delegate.

All subscriptions will be dealt with on a forward pricing basis, i.e. by reference to the subscription price (as determined below) for Shares as at the Valuation Point on the relevant Dealing Day.

Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

The subscription price per Share shall be ascertained by:-

- (a) determining the Net Asset Value attributable to the relevant class of Shares calculated in respect of the relevant Valuation Point on the relevant Dealing Day and adding thereto such sum as the Directors may consider represents an appropriate figure for Duties and Charges;
- (b) dividing the amount calculated under (a) above by the number of Shares of the relevant class of the Fund in issue at the relevant Valuation Point; and
- (c) adjusting thereto such amount as may be necessary to round the resulting amount to the nearest four decimal places.

The latest subscription price for Shares which will include an amount of accrued income (see the description of "Income Equalisation" on page 8) will be available during normal business hours every Business Day at the office of the Administrator and will be published daily in the Financial Times.

All Shares purchased during a Distribution Period (see the section headed "Dividend Policy") will contain in their purchase price an amount called equalisation which represents a proportion of the income (if any) of the Fund, attributable to the relevant Class, that has accrued (but has not been distributed) up to the date of issue. This will be calculated daily and will be available upon request from the Administrator.

All Shares will be registered and will be issued in inscribed form only. Ownership will be evidenced by entry on the Company's register of Shareholders and ownership confirmation will be issued to Shareholders.

Fractions of the Shares will, if necessary, be issued to three decimal places. If an applicant requests a whole number of Shares, subscription monies in excess of the amount needed to purchase the Shares will be retained by the Company for the benefit of the Fund.

The Company reserves the right to reject any application in whole or in part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable (in the designated currency of the relevant Share Class) at the risk and cost of the applicant.

The Administrator will issue a written confirmation to successful applicants confirming ownership. Once completed applications have been received by the Administrator, they are irrevocable (unless otherwise agreed by the Directors).

Applications for Shares may be refused and Shares will not be issued until receipt of notification that an applicant's funds have been cleared in the full amount of any subscription.

An initial fee of up to 3.5% of the subscription price will be payable by applicants for Shares. This fee will be payable at least to the extent that the fees and/or expenses of intermediaries need to be met but may otherwise be waived if and to such extent as the Directors may determine.

The Directors reserve the right from time to time to resolve to close the Fund to new subscriptions either for a specified period or until they otherwise determine. During any such period, Shares will not be available for subscription.

## **Subscription Monies**

### **Method of Payment**

Subscription payments net of all bank charges should be paid by telegraphic transfer to the bank account specified at the time of dealing (except where local banking practices do not allow electronic bank transfers). Other methods of payment are subject to the prior approval of the Administrator. No interest will be paid in respect of payments received in circumstances where the application is held over until the subsequent Dealing Day.

### **Currency of Payment**

Subscription monies are payable in the designated currency of the relevant Share Class of the Fund.

However, the Company may accept payment in such other currencies as the Investment Manager may agree at the prevailing exchange rate quoted by the Company's bankers. The cost and risk of converting currency will be borne by the applicant.

## **REDEMPTIONS**

### **Procedure**

Every Shareholder will have the right to require the Company to redeem his Shares in the Fund on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Administrator a redemption request. Shares may be redeemed

by written application through the Administrator or by telephone order, or by such other means including facsimile or other electronic means provided that such other means are in accordance with the requirements of the Central Bank.

All redemption requests are dealt with on a forward pricing basis, i.e. by reference to the redemption price for Shares as at the Valuation Point on the relevant Dealing Day.

Redemption requests in respect of the Fund must be received by the Administrator by 3.00pm (Irish time) on the relevant Dealing Day. If the redemption request is received after the designated time it will be treated as a request for redemption on the following Dealing Day and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated as at the relevant Dealing Day.

No redemption payment will be made from an investor's holding until the original Application Form and all documentation required by the Administrator (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed. Any withheld redemption proceeds will be held in a non-interest-bearing account until receipt of the original Application Form and all documentation required by the Administrator (including any documents in connection with anti-money laundering procedures).

Redemption requests shall (save as determined by the Directors) be irrevocable and may be sent by facsimile at the risk of the relevant Shareholder.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him.

### **Redemption Price**

The redemption price per Share shall be ascertained by:

- (a) determining the Net Asset Value attributable to the relevant class of Shares as at the relevant Valuation Point and deducting therefrom such sums as the Directors may consider represents an appropriate provision for Duties and Charges;
- (b) dividing the amount calculated under (a) above by the number of Shares of the relevant class of the Fund in issue at the relevant Valuation Point; and
- (c) adjusting thereto such amount as may be necessary to round the resulting sum to the nearest four decimal places.

The latest redemption price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily in the Financial Times.

### **Fractions**

Apart from circumstances in which a Shareholder is redeeming their entire holding of Shares in the Fund:-

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than 0.001 of a Share; and
- (b) redemption monies representing less than 0.001 of a Share will not be returned to a Shareholder but will be retained by the Company for the benefit of the Fund.

### **Method of Payment**

Redemption payments will be made by electronic transfer to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing, at the risk and expense of the Shareholder.

### **Currency of Payment**

Shareholders will normally be repaid in the designated currency of the relevant Share Class.

### **Timing of Payment**

Redemption proceeds in respect of Shares will be paid within four Business Days after the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator. Redemption payments will not be paid to any party other than the redeeming Shareholder.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him.

### **Compulsory Redemption**

The Company shall have the right to redeem compulsorily any Share at the redemption price or to require the transfer of any Share to a Qualified Holder if in their opinion (i) such Share is held by a person other than a Qualified Holder; or (ii) where the holding of Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or its Shareholders as a whole.

### **Deferred Redemptions**

Where the Company receives in respect of any Dealing Day requests for redemptions which in the aggregate exceed at least 10% of the total number of Shares in issue in that Fund or exceed at least 10% of the Net Asset Value of the Fund on that Dealing Day, the Directors, if in their sole discretion acting in good faith believe it shall be necessary or desirable in order not to prejudice the interests of the Shareholders not making such request, or on the grounds of liquidity or other like reason, may refuse to redeem any Shares in excess of 10% of the total number of Shares in issue in the Fund or in excess of 10% of the Net Asset Value of the Fund. Any request for redemption on such Dealing Day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent Dealing Day until all the Shares to which the original request related have been redeemed. Shares will be redeemed at the redemption price prevailing on the Dealing Day on which they are redeemed.

## **SWITCHING**

Shareholders of a Class within the Fund (the "Original Class") may switch free of any switching charge to another Class(es) within the Fund (the "New Class") in accordance with the formula and procedures specified

below. Switching may be effected written application to the Administrator on such switching form as may be prescribed by the Directors.

No switches will be made during any period in which the rights of Shareholders to require the redemption of their Shares are suspended. The general provisions on procedures for redemptions (including provisions relating to a redemption fee, if any) will apply equally to switching. Notice of switching must be received by the Administrator by 3.00pm (Irish time) on the relevant Dealing Day (or such later time as the Directors may determine).

The number of Shares to be issued in the New Class will be calculated in accordance with the following formula:

$$A = \frac{B \times C \times D}{E}$$

Where

- A = number of Shares of the New Class to be allocated
- B = number of Shares of the Original Class to be converted
- C = redemption price per Share on the relevant Dealing Day for the Original Class
- D = the currency conversion factor determined by the Administrator
- E = subscription price per Share on the relevant Dealing Day for the New Class

## **FEES AND EXPENSES**

### **General**

The Class of Shares of the Fund on offer pursuant to this Supplement shall bear its attributable proportion of the operating expenses of the Company (including the Fund). These are set out in detail under the heading "Fees and Expenses" in the Prospectus. All fees and expenses of the Fund shall be charged to the capital of the Fund.

### **Subscription of Shares**

A subscription fee of up to 3.5% of the Net Asset Value per Share may be charged at the Directors' discretion.

### **Investment Management Fees**

The Investment Manager is entitled to receive a periodic investment management fee which accrues daily and is payable monthly in arrears at the following annual rates:

- 1.25% of the Net Asset Value of each of the Class A1 GBP Distribution Shares, Class A2 GBP Accumulation Shares, Class R US Dollar Distribution Shares, Class R Euro Distribution Shares, Class R US Dollar Accumulation Shares, Class R Euro Accumulation Shares, Class R Euro Hedged Distribution Shares, Class R Euro Hedged Accumulation Shares, Class R US Dollar Hedged Accumulation Shares and Class R US Dollar Hedged Distribution Shares;
- 0.75% of the Net Asset Value of each of the Class B1 GBP Distribution Shares, Class B2 GBP

Accumulation Shares, Class I US Dollar Distribution Shares, Class I Euro Distribution Shares, Class I US Dollar Accumulation Shares, Class I Euro Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares; and

### *Performance Fee*

#### **Class A, B, R and I Shares**

The Investment Manager is entitled to receive a performance related investment management fee (a "Performance Fee") which is accrued daily and payable annually in arrears in respect of each performance period if the Fund meets certain objectives in respect of the performance of each Class of Shares. The performance period of the Fund comprises successive calendar years ending on 31 December of each relevant year (or parts thereof, as appropriate).

The rules governing the payment of a Performance Fee to the Investment Manager are as follows:

1. In order for a Performance Fee to be payable in respect of a performance period, the Net Asset Value per relevant Share on the last Business Day of the relevant performance period (after adding back any dividends paid by the Fund before deducting the amount of any accrual for a Performance Fee) (the "Final Net Asset Value per relevant Share") must exceed the "Hurdle" for that performance period. Where the Hurdle is exceeded, the Performance Fee payable per relevant Share of the relevant Class in the Fund is equal to 10% of the amount by which the Final Net Asset Value per relevant Share for the performance period exceeds the relevant Hurdle. The total Performance Fee payable in respect of the relevant performance period will be an amount equal to the Performance Fee per relevant Share of the relevant Class of the Fund, as calculated above, multiplied by the average number of Shares of the relevant Class in issue on each Dealing Day since the last performance fee was paid or the date of issue of the relevant Shares, whichever is later.
2. The "Hurdle" for a performance period of the Fund is the Net Asset Value per Share Class on the last Business Day of the latest preceding performance period in respect of which a Performance Fee has been paid adjusted by the total return of the The STOXX EUROPE 600 Financials (Net Return) EUR Index (Sterling adjusted over the period since the Performance Fee was last paid for all Classes save in respect of the Class R Euro Hedged Distribution Shares, Class R Euro Hedged Accumulation Shares, Class I Euro Hedged Distribution Shares and Class I Euro Hedged Accumulation Shares whereby the "Hurdle" for the relevant period is adjusted to reflect a hedge into EUR, and save in respect of the Class R US Dollar Hedged Accumulation Shares and the Class R US Dollar Hedged Distribution Shares whereby the "Hurdle" for the relevant period is adjusted to reflect a hedge into US Dollar . Such hedging adjustment will be calculated on a rolling one month basis using the one month currency interest differential or "swap rate" as provided by Bloomberg). A Performance Fee cannot be paid if the Net Asset Value per the relevant Share Class after adjusting for dividends is below the most recent Net Asset Value per relevant Share Class at which any Performance Fee has been paid after adjusting for dividends.

The Depositary shall verify the calculation of the performance fee as at each Payment Date.

The initial issue price shall be taken as the starting price for the payment of the first Performance Fee in respect of the Class R US Dollar Hedged Distribution Shares.

**Where performance fees are payable by the Company, these will be based on net realised and net unrealised gains and losses as at each Payment Date. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised. The performance fee is only payable on the increase over the Hurdle.**

The Directors have the power to issue further classes of Shares in respect of the Fund to which different initial, exit, investment management and/or performance charges and fees may apply.

### **RISK FACTORS**

Potential investors should consider the general risk factors set out in the Prospectus.