

## Fund Fact Sheet

29 January 2021

US\$ Class I Dist  
ISIN: IE00B42Z4531



### NAV per Share

US\$ Class I Dist US\$40.66

### Fund Particulars

Fund Size	US\$1,329.7 million
Base Currency	US\$
Denominations	US\$ / GBP / EUR
Fund Structure	Open-ended UCITS
Domicile	Dublin, Ireland
Listing	Irish Stock Exchange
Launch Date	31 October 2013
Management	Polar Capital LLP

### Fund Manager



#### David Pinniger

#### Lead Fund Manager

David has managed the Fund since launch, he joined Polar Capital in 2013 and has 20 years of industry experience.

## Fund Profile

### Investment Objective

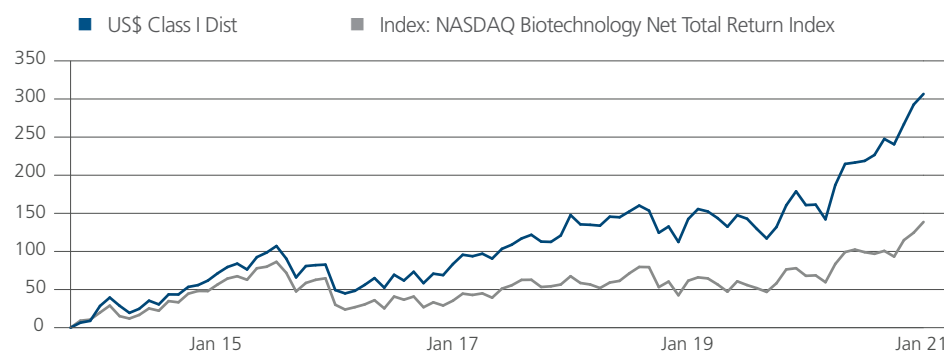
The Fund aims to preserve capital and achieve long-term capital appreciation by investing throughout the biotechnology ecosystem, across geographies and market capitalisations.

### Key Facts

- Team of 6 sector specialists
- The team has 130+ years of combined industry experience
- Typically 40-60 positions
- 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	Ann.	Cum.
US\$ Class I Dist	3.54	19.41	3.54	55.90	64.15	172.34	21.34	306.60
Index	6.25	23.51	6.25	42.05	42.49	83.51	12.74	138.64

### Discrete Annual Performance (%)

12 months to	29.01.21	31.01.20	31.01.19	31.01.18	31.01.17
US\$ Class I Dist	55.90	7.55	-2.10	35.06	22.84
Index	42.05	3.97	-3.53	23.73	4.09

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 Dist was launched on 31 October 2013. 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 - Biotechnology Fund

## Portfolio Exposure & Attribution

As at 29 January 2021

### Performance Attribution - 1 Month (%)

#### Top Contributors

Name	Active Weight	Attrib. Effect
Summit Therapeutics	2.46	0.94
Renalytix AI	1.31	0.81
Sarepta Therapeutics	-0.72	0.60
Valneva SE	4.01	0.57
Bridgebio Pharma	-0.71	0.23

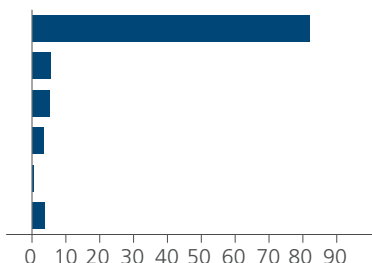
#### Top Detractors

Name	Active Weight	Attrib. Effect
Moderna	-3.97	-2.05
Acceleron Pharma	3.15	-0.54
Novavax	-0.61	-0.42
illumina	-4.43	-0.40
Gilead Sciences	-6.40	-0.39

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

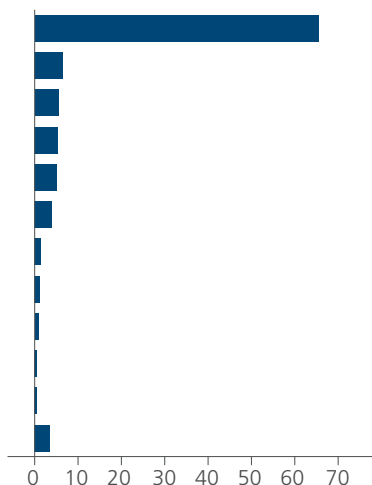
### Sector Exposure (%)

Biotechnology	81.9
Life Sciences Tools & Services	5.6
Pharmaceuticals	5.1
Healthcare Technology	3.4
Healthcare Supplies	0.5
Cash	3.6



### Geographic Exposure (%)

United States	65.5
United Kingdom	6.5
France	5.5
Netherlands	5.4
Germany	5.2
Denmark	4.0
Canada	1.4
China	1.2
Ireland	0.9
Sweden	0.5
Switzerland	0.5
Cash	3.6



## Share Class Information

### Codes & Fees

Share Class	Bloomberg	ISIN	SEDOL	OCF	Annual Fee
US\$ Class R Dist	POLBTRU ID	IE00B3XLHR60	B3XLHR6	1.64%	1.50%
GBP Class R Dist	POLBTRS ID	IE00B3XD3CF51	B3XD3CF5	1.64%	1.50%
EUR Class R Dist	POLBTRE ID	IE00B3VXGD32	B3VXGD3	1.64%	1.50%
US\$ Class I Dist	POLBTIU ID	IE00B42Z4531	B42Z453	1.14%	1.00%
GBP Class I Dist	POLBTIS ID	IE00B42POH75	B42POH7	1.14%	1.00%
GBP Class I Dist Hedged	PCPBIHG ID	IE00BFX4HX56	BFX4HX5	1.14%	1.00%
EUR Class I Dist	POLBTIE ID	IE00B3WVVR16	B3WVVR1	1.14%	1.00%

**Minimum Investment: Class I Shares;** US\$1 million (or its foreign currency equivalent).  
**Class R Shares;** No minimum subscription.

**Performance Fee** 10.00% of outperformance of NASDAQ Biotechnology Net Total Return Index.

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

### Top 10 Positions (%)

Alexion Pharmaceuticals	5.8
arGEN-X BV	5.4
Vertex Pharmaceuticals	4.7
Valneva SE	4.3
Biogen	4.2
Exelixis	3.8
Regeneron Pharmaceuticals	3.6
Acceleron Pharma	3.5
Synairgen	3.4
Incyte Corp	3.4

**Total** 42.1

**Total Number of Positions** 53

**Active Share** 70.01%

### Market Capitalisation Exposure (%)

Large Cap (>US\$5 billion)	54.0
Mid Cap (US\$1 billion - US\$5 billion)	24.9
Small Cap (<US\$1 billion)	17.5
Cash	3.6

### 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 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 - Biotechnology Fund

## Fund Managers Comments

As at 29 January 2021

The portfolio returned 3.5% (1 US\$ Share Class) in January versus 6.3% for the Fund's benchmark, the NASDAQ Biotechnology Net TR Index (NBI), for a relative underperformance of -2.8%. The biotechnology sector outperformed the broader market with the S&P 500 Index -1% (all figures in dollar terms), in a volatile month that started very strongly but gave back some gains into month end.

The new calendar year started to some degree as the old one finished, with the Fund struggling to keep up with a sector driven higher from investor enthusiasm for earlier stage concept technology stories as well as renewed enthusiasm for the leading COVID-19 vaccine biotech names. In addition, it is probably not unreasonable to say that the biotech sector was contaminated by the hedge fund de-grossing phenomenon as the GameStop retail investor versus Wall Street short-squeeze situation became front-page news. The de-grossing saw hedge funds scramble to buy back short positions in companies perceived to have unattractive fundamental prospects and/or valuations, at the same time as selling down long positions in companies perceived to have attractive fundamental prospects and/or valuations. Given some degree of commonality of view and ownership across specialist funds, this made for especially frustrating investment conditions, probably not just for us but other biotech specialists as well.

The key driver of underperformance during the month came from not owning Moderna, though the Fund did avoid the Sarepta gene therapy setback and benefited from the acquisition of the molecular diagnostics company Oxford Immunotec by PerkinElmer for \$591m.

As we settle into 2021, notwithstanding a wild and frenetic start to the year, it feels like investor sentiment towards the sector is starting to moderate from the post-vaccine success euphoria and emotionally charged exuberance of the final few months of last calendar year. The holiday period saw COVID-19 pandemic infection trends worsen materially in major economic regions, accompanied by renewed lockdown directives aimed at controlling further spread of the virus and preventing healthcare systems becoming overwhelmed. As we thought, the initial deployment of the first approved SARS-CoV-2 vaccines has been much slower than promised, particularly in the US, and has been accompanied by a number of hiccups, snafus and controversies of varying degrees of severity and importance. In the meantime, new variants of the SARS-CoV-2 virus have emerged that are causing some degree of nervousness, not necessarily because they represent a challenge to the efficacy of the vaccines (we do not think they do, at least not yet), but because the new variants appear to be spreading faster than previously, threatening to overwhelm the current pace of the vaccination effort.

The arguably worsening COVID-19 situation, combined with a potential final twist in the US election with the election of two Democrat candidates to evenly split the Senate (with Democrat Vice President Kamala Harris having the casting vote on proposed legislation) is threatening the risk-on appetite among investors to chase growth and momentum assets such as the biotech sector, particularly after last year's significant absolute and relative performance. With the Democrats able to set the agenda in Washington, investors will likely remain more wary of tax and healthcare reform initiatives over the coming few years than perhaps would have been the case if the Senate had remained controlled by the Republicans. Other issues that are starting to become headwinds for the sector include the valuations of, and investor appetite for, concept biotech companies such as those in the gene editing and gene therapy subsector which we feel have become almost totally irrational over the past couple of months, and the record capital markets activity for the sector in 2020 that has brought a large cohort of early-stage companies to the public markets at relatively high valuations, with tight private/crossover-oriented shareholder registers and very thin trading liquidity.

We believe the combination of these factors should make investors wary of expecting a similar magnitude of relative outperformance for the biotech sector in 2021, at least from investing in companies at the earlier-stage end of the spectrum. That said, the basic fundamentals of the sector responsible for the significant real value creation seen for investors in recent years remain intact. Accumulating scientific insight and understanding into human biology and powerful new drug development technologies continues to create exciting new medicines. The industry is well capitalised to invest in new drug discovery and development (and to some degree be

increasingly self-sustaining) and the regulatory environment in the shape of the behaviour and performance of the FDA remains constructive, with 53 new medicines approved last year (though perhaps in need of a refresh and reboot of leadership and focus under the incoming Biden administration after some high-profile controversies and missteps during 2020). In addition, we continue to expect further M&A activity over the coming 12 months. While we believe excessive technology platform company valuations and the continued ready availability of equity capital are creating a hard-to-reconcile mismatch for corporate buyers and sellers respectively, we do believe there are a number of companies in the revenue growth phase of their development that offer a strong risk/return profile and are potentially targets of acquisition in the relatively near term.

Sometimes, it seems possible to overthink the investment case for an asset class. In 2020 it was relatively simple for biotech (in retrospect) – it was all about the macro environment. Industry and company fundamentals, valuations and business conditions became almost completely irrelevant (when at least perceived to be sound) as money supply exploded and interest rates continued to be suppressed at historically low levels by central banks in order to protect the financial markets against COVID-19-induced chaos. The consequence was the capital markets developed an insatiable appetite for growth assets and were prepared to assign much higher present values to higher risk (some might say fantasy), long-dated future cashflows.

The macro environment was clearly the driver of the capital markets' activity for the sector, and of the exploding valuations for some of the sector's concept technology stories. How this macro environment evolves in 2021 might well be the main factor driving returns for the sector this year. That said, the importance and value of continued investment in biomedical research and more effective delivery of healthcare has been heightened over the past 12 months by the COVID-19 pandemic, in our view, and the recent successes of the first COVID-19 vaccine candidates have been a sensational case study of what biotechnology is ultimately capable of. This should hold the sector in good stead with investors for the foreseeable future as long as industry R&D productivity remains strong and there are no major changes to the pricing environment for new medicines. The Fund's focus remains on investing in what we believe to be the best people, using the best technologies, to develop the best new medicines.

**David Pinniger, CFA**

3 February 2021



Source & Copyright: CITYWIRE. David Pinniger has been awarded an AA rating by Citywire for his 3 year risk-adjusted performance for the period 31/12/2017 - 31/12/2020.

©2020 Morningstar. All Rights Reserved. Rating representative of the I USD Share Class, as at 31/12/2020. Ratings may vary between share classes. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about the Morningstar Rating or Morningstar Analyst rating, including its methodology, please go to: <http://corporate1.morningstar.com/AnalystRating/>.

FE Crown Fund Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision. All rights reserved.

*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 - Biotechnology Fund

## Important Information

**Important Information:** This document is provided for the sole use of the intended recipient and is not a financial promotion. Biotechnology Fund (the "Fund") is a sub-fund of Polar Capital Funds plc - which is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352/2011), as amended. This document has been prepared by Polar Capital for informational purposes only for the sole use of the intended recipient. It does not seek to make any recommendation to buy or sell any particular security (including shares in the Fund) or to adopt any specific investment strategy. This document does not contain information material to an investor's decision to invest in the Fund. Shares in the Fund are offered only on the basis of information contained in the prospectus, key investor information document ("KIID"), and the latest annual audited accounts. Copies are available free of charge from Polar Capital at the below address or on [www.polarcapital.co.uk](http://www.polarcapital.co.uk). The KIID is available in Danish, Dutch, English, French, German, Italian, Norwegian, Spanish and Swedish. The prospectus is available in English.

**Regulatory Status:** Polar Capital LLP is a limited liability partnership (OC314700), authorised and regulated by the UK Financial Conduct Authority and is registered as an investment adviser with the US Securities & Exchange Commission. A list of members is open to inspection at 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the investment manager which can reasonably be expected to provide one investor with more materially favourable rights, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Administrator on (+353) 1 434 5007. The Fund is prepared to instruct the custodian of the Fund, upon request, to make available to investors portfolio custody position balance reports monthly in arrears.

**Third-party Data:** Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any data contained herein.

**Holdings:** Portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A historic complete list of the portfolio holdings may be made available upon request. 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. This document is designed to provide updated information to professional investors to enable them to monitor the Fund. No other persons should rely upon it. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

**Information Subject to Change:** The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

**Forecasts:** References to future returns are not promises or estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

**Statements/Opinions/Views:** All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. This material does not constitute legal or accounting advice; readers should contact their legal and accounting professionals for such information. All sources are Polar Capital unless otherwise stated.

**Benchmark:** The Fund is actively managed and uses the NASDAQ Biotechnology Net Total Return 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 <https://indexes.nasdaqomx.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.

**Performance:** The performance shown has been calculated to account for the deduction of fees and expenses and includes the reinvestment of dividends and capital gain distributions. £ or GBP/US\$/JPY/EUR/CHF = Currency abbreviations of: British Pound sterling/US Dollar/Japanese Yen/Euro/Swiss Franc, respectively.

**Allocations:** The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the Fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Fund is dependent on the Investment Manager's

ability to identify and access appropriate investments, and balance assets to maximize return to the Fund while minimizing its risk. The actual investments in the Fund may or may not be the same or in the same proportion as those shown herein.

**Risk: Factors affecting fund performance may include changes in market conditions (including currency risk) and interest rates, as well as other economic, political, or financial developments. The Fund's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Fund to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Polar Capital may also receive a performance fee based on the appreciation in the NAV per share and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains. The performance fee may create an incentive for Polar Capital to make investments for Polar Capital Funds plc which are riskier than would be the case in the absence of a fee based on the performance of Polar Capital Funds plc.**

**Country Specific Disclaimers:** It is the responsibility of any person/s in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Neither Polar Capital nor Polar Capital Funds plc shall be liable for, and accept no liability for, the use or misuse of this document. If such a person considers an investment in Shares of the Fund, they should ensure that they have been properly advised about the suitability of an investment. Please be aware that not every sub-fund of Polar Capital Funds plc or share class is available in all jurisdictions.

**Australia:** Neither Polar Capital nor Polar Capital Funds plc are registered as a foreign company in Australia. The provision of this document to any person does not constitute an offer of shares of Polar Capital Funds plc to any person or an invitation to any person to apply for shares of Polar Capital Funds plc. Any such offer or invitation will only be extended to a person in Australia if that person is a sophisticated or professional investor for the purposes of section 708 of the Corporations Act 2001 of Australia ("Corporations Act") and a "wholesale client" for the purposes of section 761G of the Corporations Act. This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia. This document is not a disclosure document under Chapter 6D of the Corporations Act or a Product Disclosure Statement under Part 7.9 of the Corporations Act. It is not required to, and does not, contain all the information which would be required in a disclosure document or a Product Disclosure Statement. It has not been lodged with the Australian Securities and Investments Commission. Any person to whom shares of Polar Capital Funds plc are issued or sold must not, within 12 months after the issue, offer, transfer or assign those shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act.

**Hong Kong:** The Fund is a collective investment scheme as defined in the Securities and Futures Ordinance (Cap. 571) (the "SFO") but is not authorised under Section 104 of the SFO by the Securities and Futures Commission of Hong Kong ("SFC"). This document does not constitute an offer or invitation to the public in Hong Kong to acquire interests in the Fund. In addition, this document has not been approved by the SFC nor has a copy of it been registered with the Registrar of Companies in Hong Kong, and therefore may only be issued or possessed for the purpose of issue to persons who are "professional investors" under the SFO and any rules made under that Ordinance or as otherwise permitted by the SFO.

**The Netherlands:** This factsheet is for professional client use only in the Netherlands and it is intended that the Fund will only be marketed to professional clients in the Netherlands. Polar Capital Funds plc is authorized to offer shares in the Biotechnology Fund to investors in the Netherlands on a cross border basis and is registered as such in the register kept by the Dutch Authority for the Financial Markets ("AFM") [www.afm.nl](http://www.afm.nl).

**Portugal:** The Biotechnology Fund has been passported into Portuguese jurisdiction pursuant to Directive 65/2009/EU of the European Parliament and of the Council, of 13 July 2009 and Regulation 584/2010, of 1 July 2010, and are registered with the Portuguese Securities Commission (CMVM) for marketing in Portugal.

**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. In respect of the shares distributed in Switzerland, the place of performance and the place of jurisdiction is at the registered office of the Swiss Representative. The Fund is domiciled in Ireland. The Swiss representative and paying agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

**Austria / Denmark (professional only) / Finland / Germany / Ireland / Italy (professional only) / Luxembourg / Norway / Spain / Sweden and the United Kingdom:** The Fund is registered for sale to all investors in these countries. Investors should make themselves aware of the relevant financial, legal and tax implications if they choose to invest.