



Currency Hdg GBP I Dist | ISIN: IE00BYWG2G32

**NAV per Share**

Currency Hedged GBP I Dist £10.31

**Fund Details**

Fund Size	£766.8 m
Base Currency	USD
Denominations	USD/GBP/EUR
Fund Structure	UCITS
Domicile	Ireland
Listing	Euronext Dublin
Launch Date	30 August 2013
Investment Manager	Polar Capital LLP

**Historic Yield (%)<sup>2</sup>** **4.42**
**Fund Managers**

**David Keetley**  
 Fund Manager

David has managed the fund since launch, he joined Polar Capital in 2010 and has 35 years of industry experience.


**Stephen McCormick**  
 Fund Manager

Stephen has managed the fund since launch, he joined Polar Capital in 2010 and has 35 years of industry experience.


**David Sugarman**  
 Fund Manager, Head of Convertible & Credit Research

David has managed the fund since 2022. He joined Polar Capital in 2011 and has 19 years of industry experience.

**Fund Ratings**


Ratings are not a recommendation.

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

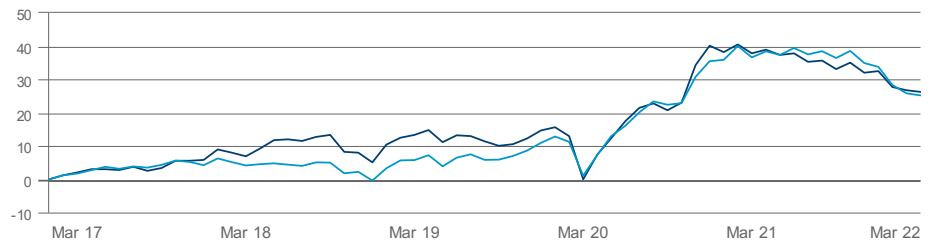
The Fund's investment objective is to generate both income and long term capital growth by investing in a diversified portfolio of securities, primarily in the global convertible market.

**Key Facts**

- Team of five sector specialists based in London and Connecticut
- The team has 120+ years of combined industry experience
- Typically 60-100 positions with geographic and sector diversification
- Fundamentally-driven convertible analysis. No benchmark constraints
- Ability to hedge interest rates

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

■ Currency Hedged GBP I Dist

 ■ Index: Refinitiv Global Focus Convertible Bond Index (GBP Hedged)<sup>1</sup>


	Since Launch							
	1m	3m	YTD	1yr	3yrs	5yrs	Cum.	Ann.
Currency Hedged GBP I Dist	-0.39	-4.72	-4.72	-8.43	11.36	23.65	26.25	4.62
Index	-0.50	-6.41	-6.41	-8.35	18.35	23.05	25.19	4.45

**Monthly Returns (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Return
2022	-3.60	-0.77	-0.39	-	-	-	-	-	-	-	-	-	-4.72
2021	-1.38	1.67	-1.90	0.79	-1.13	0.35	-1.85	0.27	-1.88	1.46	-2.24	0.37	-5.42
2020	0.85	-2.31	-11.48	7.39	4.63	4.53	3.41	1.10	-1.68	1.91	9.16	4.33	22.23
2019	5.07	1.87	0.75	1.28	-3.17	1.85	-0.21	-1.39	-1.20	0.44	1.54	2.16	9.15
2018	2.98	-0.89	-1.01	2.15	2.33	0.22	-0.43	1.09	0.54	-4.49	-0.22	-2.69	-0.71
2017	-	1.21	0.84	0.95	0.00	-0.24	0.94	-1.17	0.83	2.11	0.00	0.23	5.82

**Performance relates to past returns and is not a reliable indicator of future returns.**

Performance for the Currency Hedged GBP I Dist. The class launched on 31 January 2017. Performance data is shown in GBP. Source: Northern Trust International Fund Administration Services (Ireland) Ltd. Benchmark performance shown in GBP. Source: Bloomberg. If this is not your local currency, exchange rate fluctuations may cause performance to increase or decrease when converted into your local currency. Performance data takes account of fees paid by the fund but does not take account of any commissions or costs you may pay when subscribing for or redeeming shares or any taxes or securities account charges that you may pay on your investment in the fund. Such charges will reduce the performance of your investment.

1. The benchmark name changed on 21 February 2020 to Refinitiv Global Focus Convertible Bond Index. Prior to 21 February 2020 the Fund's benchmark name was Thomson Reuters Global Focus Convertible Bond Index. This is a name change only due to a rebranding of company.

2. Historic yield is based on a NAV per share of GBP10.31 and income of GBP0.4557 per unit paid in the last 12 months, based on GBP Currency Hedged Institutional distribution units. **WARNING: Investors should note that historic yield does not measure the overall performance of a fund. It is possible for a fund to lose money overall but to have a positive historic yield. Historic yield cannot be considered as being similar to the interest rate an investor would earn on a savings account.**

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Source & Copyright: CITYWIRE. David Keetley & Stephen McCormick have been awarded an AA rating by Citywire for their 3 year risk-adjusted performance using an absolute return methodology for the period 28/02/2019 - 28/02/2022.

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## Portfolio Exposure & Attribution

As at 31 March 2022

### Top 5 Positions (Net Exposure by LMV) (%)

Vail Resorts 0% 01/2026	3.7
Ionis Pharmaceuticals Inc 0% 04/2026	3.2
Dermira 3% 05/2022	3.1
Dufry 0.75% 03/2026	3.0
Twitter 0% 03/2026	2.9
<b>Total</b>	<b>15.8</b>

**Total Number of Positions** 73

**Modified Duration** 2.39

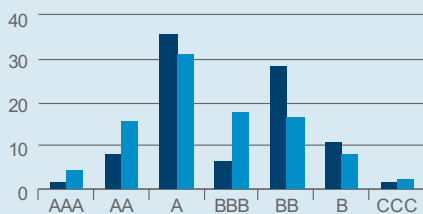
**Leverage (LMV/AUM)** 120.79%

### Market Cap Underlying Stocks (%)

Large (>US\$5bn)	77.0
Medium (US\$500m to 5bn)	23.0
Small (<US\$500m)	0.0

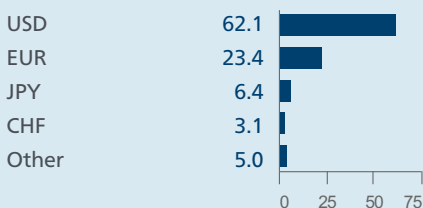
**Fund Delta** 52.25%

### ESG Rating (%) ■ Fund ■ Index



Source: Polar Capital

### Currency Breakdown AUM (%)



### Risk / Return Since Inception

Best Month (%)	9.15
Worst Month (%)	-11.50
Positive Months (%)	61.29
Volatility of Returns (%)	7.89
Sharpe Ratio	0.54

### Performance Attribution - 1 Month (%)

#### Top Contributors

MP Materials 0.25% 04/2026	0.44
Vertex Energy 6.25% 10/2027	0.31
Gaztransport / Engie 0% 06/24	0.20
T-Mobile US/Softbank 5.25% 06/2023	0.11
CloudFlare 0% 08/2026	0.11

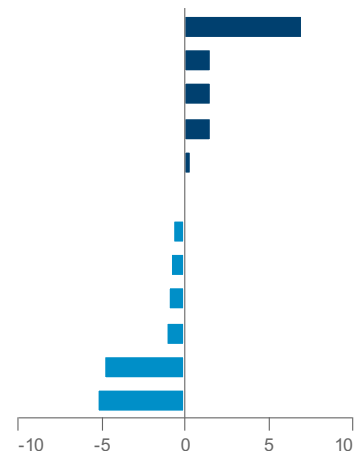
#### Top Detractors

Dufry 0.75% 03/2026	-0.31
Jet2 1.625% 06/2026	-0.18
IAG 1.125% 05/2028	-0.17
Upstart Holdings 0.25% 08/2026	-0.17
Sofi Technologies 0% 10/2026	-0.13

Performance attribution is calculated in USD on a relative basis over the month.

### Sector Exposure (LMV) (%)

	Fund	Relative
Telecom	13.9	7.1
Materials	5.7	1.6
Transportation	5.6	1.6
Consumer Discretionary	16.7	1.6
Healthcare	10.7	0.4
Energy	3.1	0.2
Utilities	4.1	-0.6
Financial	4.6	-0.8
Real Estate	2.9	-0.9
Consumer Staples	0.9	-1.0
IT	24.9	-4.8
Industrial	6.0	-5.2



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.

### Credit Quality (%)

A-AAA	14.7
BBB	18.3
BB	54.5
B	12.6

Source: Polar Capital

### Maturity Distribution by LMV (%)

0 to 3 Years	35.3
3 to 5 Years	44.7
5 to 7 Years	19.6
7 to 10 Years	0.4

Source: Polar Capital

**Weighted Avg Credit Quality** BB+

### Regional Exposure by LMV (%)

#### Polar Capital Global Convertible Fund

US	57.7
Europe	31.4
Japan	3.2
Asia ex Japan	4.7
Other Markets	2.9



#### Refinitiv Global Focus Convertible Bond Index

US	51.3
Europe	29.0
Japan	7.0
Asia ex Japan	10.4
Other Markets	2.4



Note: Totals may not sum due to rounding. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

## Fund Managers' Comments

The Polar Capital Global Convertible Fund returned -0.98% in March, taking its return since inception to 52.10% (USD I Acc Share Class). In comparison, the Refinitiv Global Focus Convertible Bond Index (in dollar terms) returned -1.16% and 38.23%, respectively.

### Macro background

Geopolitical tensions remained high in March as Ukrainian soldiers continued to defend against indiscriminate bombardment of domestic infrastructure and civilians by Russian forces, despite attempts at peace talks between the two countries. At the same time, western nations continued to provide defensive equipment to Ukrainian forces and implement punitive sanctions on the Russian economy and key personnel in an effort both to reduce the country's ability to finance the war and to mount pressure on its president, Vladimir Putin.

With Russia a behemoth in global oil and gas exports, as well as Russia and Ukraine historically producing and exporting a significant portion of global wheat demand, the conflict is resulting in a historic supply shock, notably in Europe which receives a significant portion of its energy from Russia. Against this backdrop, commodity prices remained elevated and volatile (S&P Agricultural Index (SPGAG) +6.1%; WTI +4.5%).

In addition, ongoing wage inflation due to tight labour supply in developed markets and continued supply-chain issues – with the latest headwind being China, the global centre of manufacturing, implementing lockdowns to try and control an increasing spread of Omicron – are adding to supply-side issues and placing upward pressure on already high inflation. Indeed, consumer prices rose by a record 7.9% in the US in February, the highest year-on-year increase since 1982.

While governments and central bankers are taking measures to soften the impact of rising inflation on consumers, especially those at the lower and middle-income spectrum who are being disproportionately affected, it is likely to provide only partial relief, with inflation set to rise further in the coming months.

In the US, President Biden announced the release of 180 million barrels of oil over six months from the country's strategic petroleum reserve – the largest ever release. This follows a failure of the US government to convince Saudi Arabia and the UAE to release more oil as the Middle Eastern countries punish the west for what they deem a lack of security commitment by the US following ongoing Iranian-backed Houthi attacks on oil infrastructure and concerns around a potential revival of the 2015 nuclear accord between the US and Iran.

In addition, western central banks are trying to keep inflation from spiralling higher by communicating their intention to move to a more neutral policy rate sooner. Indeed, following a 25bp interest rate hike in March, markets now expect the Federal Reserve to raise rates by 50bp in May and June, which would be the first increase of this magnitude since 2000. At the European Central Bank, inflation continues to dominate the debate, with the ECB recently presenting plans for a quicker reduction in its asset purchase plans this year to try to counter inflationary pressures. This led to a volatile month in financial markets, with commodities appreciating and bond prices falling as yields rose (UST 5yr yield: +74bp to 2.46%). Regarding the latter, it was also notable that the yield curve inverted along the two-year and ten-year tenor (2's10's) as policy expectations drove short-dated yields higher than their longer-dated counterparts. This inversion is typically taken as a signal that monetary policy is set to become too restrictive, thereby choking economic growth and

leading to a recession. For this reason, it is a closely watched and oft-talked about data point, albeit one that historically forecasts recessions with an unreliable time lag.

Perhaps surprisingly, equity markets fared generally well against this turbulent backdrop, with many indices moving higher (S&P500: +3.6%; Eurostoxx600: +0.6%; Topix: +3.2%). Market commentators suggest this price movement is likely due more to technical rather than fundamental factors, with the late-February price action suggesting markets had fallen too far too quickly and consequently were oversold and due a near-term rebound.

### Fund performance

The Fund outperformed its benchmark in March, benefitting from the broader rise in equity markets but suffering from rising rates. By sector, materials were the largest contributor to performance during the month as this sector was supported by the geopolitical landscape. Conversely, consumer discretionary was the largest detracting sector from performance as fears of a slowdown in cyclical consumer spending amid rising prices and negative real-wage growth pressured the outlook for several of our investments.

By individual investment, the three largest contributors to performance during the month were MP Materials, Vertex Energy and Gaztransport.

MP Materials is the sole US-based rare-earth minerals miner, mining Neodymium (Nd) and Praseodymium (Pr), collectively NdPr. As a major basis of permanent magnets, demand has been and is expected to continue to grow rapidly due to electrification, particularly in the automotive and renewable energy sectors. This, combined with possible geopolitical-related supply disruption due to tensions between the US and China (China is the largest producer of rare-earth minerals) has caused NdPr prices to surge in recent times, benefitting MP Materials.

Vertex Energy is a high-conviction fundamental trade dependent on the completion of a merger. In the event of completion, we believe there to be significant upside potential in the stock. However, while financial risk has been substantially reduced following the recent convertible offering, there remains operational risk. Consequently, the Fund owns the position in a risk-controlled size. Nevertheless, the stock rose significantly in March and contributed well to performance.

Gaztransport is a French engineering company that offers membrane solutions for the transportation and storage of liquified natural gas (LNG). Against the turbulent geopolitical backdrop, LNG sourcing is of strategic sovereign importance resulting in altering supply chains and consequently greater longer-term demand for Gaztransport's products.

The three largest detractors to performance during the month were Dufry, Jet2, and International Airlines Group (IAG).

Dufry, the Swiss duty-free operator, Jet2, the provider of packaged holidays and low-cost airline, and IAG, the European airline group that owns British Airways, Iberia, Aer Lingus and Vueling, saw their shares decline in March as the outlook for consumer discretionary spending weakened during the month. Moreover, airlines are also contending with the impact of higher fuel costs on margins.

Finally, we would highlight that several Russian companies have issued convertible bonds in recent years, totally approximately \$2.4bn nominal. With their shares suspended from trading, these convertibles have had their 'delisting event' clauses triggered, enabling convertible bond holders to demand full redemption

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of their debt (par put). Bond holder groups appear to be forming to try and work out an amicable solution with the issuers given it seems each of these issuers would be unable to satisfy the par put redemption notice. As mentioned in our last fact sheet commentary, the Fund did not have any exposure to these names during this period and this remains the case as of the time of writing.

## Outlook

We remain cautious on the outlook for financial markets in the months ahead. We believe there is a distinct possibility of increasing inflation contemporaneous with slowing growth as inflationary pressures from higher food and energy prices, labour market strength and supply-chain tightness combine with weakening consumer purchasing power as, despite wage growth amid tight labour markets, wage growth has failed to keep up with consumer prices meaning many employees have suffered negative real wage growth for almost three years. Moreover, much of the Covid-related stimulus cushion has been depleted. Taken together, the supply shock and decreasing ability of companies to pass higher costs onto consumers may present downside risks to earnings growth in the months ahead.

At the same time, markets must contend with growing central bank hawkishness, leading to greater interest rate hikes and a more rapid reduction of central bank balance sheets. We believe that since the global financial crisis more than a decade ago, financial market valuations have been greatly supported by central bank actions. That is, central bank asset purchases have artificially suppressed interest rates, which have reduced the return on offer by less risky instruments. This, in turn, has forced investors into riskier instruments in order to seek higher returns, thus lowering their volatility and inflating their prices. As central banks reverse course by taking liquidity out of the system and raising interest rates – both of which are only now starting or about to start – in order to combat higher inflation, we see no reason to believe their consequences will not have a similarly reverse effect on markets. That is, greater volatility and valuation pressure.

Against this backdrop, we believe security selection is likely to become increasingly important, in particular selecting securities that have high credit quality to mitigate downside risk while being able to benefit from a higher volatility environment.

We believe the convertible market is well placed to benefit from this turbulent macroeconomic backdrop. This is because of the current profile of the convertible market, with many convertible bonds trading at or near their bond floors, providing strong downside protection with good longer-term upside optionality.

*Please note the Institutional USD Distributing Share Class goes ex its quarterly dividend on 1 April 2022, paying out \$0.1143.*

**David Keetley and Stephen McCormick**

7 April 2022



## Share Class Information

Share Class	Bloomberg	ISIN	SEDOL	Minimum Investment	OCF <sup>†</sup>	Ann. Fee	Perf. Fee <sup>**</sup>
USD I Acc	PCGCIUA ID	IE00BCDBX378	BCDBX37	USD 1m	1.09%	1.00%	10%
USD I Dist	PCGCIUD ID	IE00BCDBX261	BCDBX26	USD 1m	1.09%	1.00%	10%
GBP I Acc	PCGCIGA ID	IE00BCDBX717	BCDBX71	USD 1m	1.09%	1.00%	10%
GBP I Dist	PCGCIGD ID	IE00BCDBX600	BCDBX60	USD 1m	1.09%	1.00%	10%
EUR I Acc	PCGCIEA ID	IE00BCDBX592	BCDBX59	USD 1m	1.09%	1.00%	10%
EUR I Dist	PCGCIED ID	IE00BCDBX485	BCDBX48	USD 1m	1.09%	1.00%	10%
<b>Currency Hedged<sup>1</sup></b>							
Curr Hdg GBP I Dist	PGCIDGH ID	IE00BYWG2G32	BYWG2G3	USD 1m	1.09%	1.00%	10%
Curr Hdg EUR I Acc	POGCIHE ID	IE00BYPHSR67	BYPHSR6	USD 1m	1.09%	1.00%	10%

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

<sup>\*\*</sup>Performance Fee 10% of outperformance of Thomson Reuters Global Focus Convertible Bond Index.

1. All material currency exposures hedged to the extent it's practicable.

## Risks

- Capital is at risk and there is no guarantee the Fund will achieve its objective. Investors should make sure their attitude towards risk is aligned with the risk profile of the Fund.
- Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you might get back less than you originally invested.
- The value of a fund's assets may be affected by uncertainties such as international political developments, market sentiment, economic conditions, changes in government policies, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Please see the Fund's Prospectus for details of all risks.
- The Fund may enter into a derivative contract. The Fund's use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as failure amongst market participants.

## Administrator Details

Northern Trust International Fund  
Administration Services (Ireland) Ltd

Telephone + (353) 1 434 5007  
Fax + (353) 1 542 2889  
Dealing Daily  
Cut-off 15:00 Irish time

## Important Information

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A decision may be taken at any time to terminate the marketing of the Fund in any EEA Member State in which it is currently marketed. Shareholders in the affected EEA Member State will be given notification of any decision and provided the opportunity to redeem their interests in the Fund, free of any charges or deductions, for at least 30 working days from the date of the notification.

Further information and any associated risks can be found in the Fund's Key Investor Information Document ("KIID"), the Prospectus, the Articles of Association and the annual and semi-annual reports. These documents are available free of charge at Polar Capital Funds PLC, Georges Court, 54-62 Townsend Street, Dublin 2, via email by contacting Investor-Relations@polarcapitalfunds.com or at www.polarcapital.co.uk. The KIID is available in Danish, Dutch, English, French, German, Italian, Spanish and Swedish; the Prospectus is available in English.

A summary of investor rights associated with investment in the Fund is available online at the above website, or by contacting the above email address.

In the United Kingdom and Switzerland, this document is provided and approved by Polar Capital LLP which is authorised and regulated by the Financial Conduct Authority ("FCA"). Registered address: 16 Palace Street, London SW1E 5JD. Polar Capital LLP is a registered investment adviser with the United States' Securities and Exchange Commission ("SEC"). Polar Capital LLP is the investment manager and promoter of Polar Capital Funds PLC – an open-ended investment company with variable capital and with segregated liability between its sub-funds – incorporated in Ireland, authorised by the Central Bank of Ireland and recognised by the FCA. Bridge Fund Management Limited acts as management company and is regulated by the Central Bank of Ireland. Registered Address: Ferry House, 48-53 Mount Street Lower, Dublin 2, Ireland.

**Benchmark** The Fund is actively managed and uses the Refinitiv Global Focus Convertible Bond Index (GBP Hedged) 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 . The benchmark is provided by an administrator on the European Securities and Markets Authority (ESMA) register of benchmarks which includes details of all

authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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**Spain** The Fund is registered in Spain with the Comisión Nacional del Mercado de Valores ("CNMV") under registration number 771.

**Switzerland** The principal fund documents (the prospectus, KIIDs, memorandum and articles of association, annual report and semi-annual report) of the Fund may be obtained free of charge from the Swiss Representative. The Fund is domiciled in Ireland. The Swiss representative and paying agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

**Austria / Denmark (professional only) / Finland / Germany / Ireland / Italy (professional only) / Luxembourg / Norway / Spain / Sweden and the United Kingdom** The Fund is registered for sale

## Important Information (contd.)

to all investors in these countries. Investors should make themselves aware of the relevant financial, legal and tax implications if they choose to invest.