

## Fund Fact Sheet

29 January 2021

US\$ Class S Acc  
ISIN: IE00BJXT2C20



### NAV per Share

US\$ Class S Acc US\$15.50

### Fund Particulars

Fund Size	US\$52.3 million
Base Currency	US\$
Denominations	US\$ / GBP
Fund Structure	Open-ended UCITS
Domicile	Dublin, Ireland
Listing	Irish Stock Exchange
Launch Date	31 January 2020
Management	Polar Capital LLP

### Fund Managers



#### Deane Donnigan

##### Lead Manager

Deane has managed the Fund since launch, she joined Polar Capital in 2013 and has 36 years of industry experience.

## Fund Profile

### Investment Objective

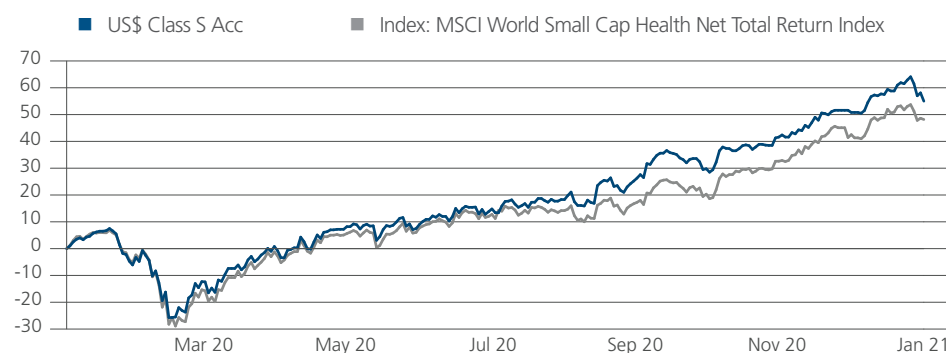
The Fund aims to achieve long-term capital growth by investing in a globally diversified portfolio of healthcare companies.

### Key Facts

- Team of 6 sector specialists
- Team with 130+ years of combined industry experience
- Typically 60-80 positions
- Focused on small caps from across the healthcare sector
- Fundamentally-driven analysis and stock selection

## Share Class Performance

### Performance Since Launch (%)



	1 month	3 month	YTD	1 year	3 years	5 years	Since Launch	
							Ann.	Cum.
US\$ Class S Acc	2.79	20.62	2.79	55.00	-	-	-	55.00
Index	4.85	24.91	4.85	48.16	-	-	-	48.16

### Discrete Annual Performance (%)

12 months to	29.01.21	31.01.20	31.01.19	31.01.18	31.01.17
US\$ Class S Acc	55.00	-	-	-	-
Index	48.16	-	-	-	-

Source: Northern Trust International Fund Administration Services (Ireland) Ltd, monthly percentage growth, USD 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 S Acc was launched on 31 January 2020. The index performance figures are sourced from Bloomberg and are in USD 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 USD. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Please see the Important Information on the last page of this document for further information on the risks to your investment.

# Polar Capital Funds plc - Healthcare Discovery Fund

## Portfolio Exposure & Attribution

As at 29 January 2021

### Performance Attribution - 1 Month (%)

#### Top Contributors

Name	Active Weight	Attrib. Effect
Renalytix AI	0.91	0.57
Change Healthcare	1.39	0.28
Tenet Healthcare Corp	2.10	0.24
Oncocyte Corp	0.29	0.23
Magellan Health	1.10	0.19

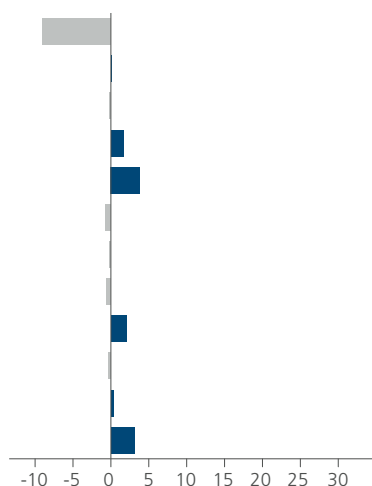
#### Top Detractors

Name	Active Weight	Attrib. Effect
Novavax	-0.81	-0.72
iRhythm Technologies	1.80	-0.61
Penumbra	-0.80	-0.30
Accelaron Pharma	1.91	-0.28
ACADIA Pharmaceuticals	1.51	-0.25

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

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

	Fund (%)	Relative (%)
Biotechnology	29.4	-9.1
Healthcare Equipment	13.2	0.1
Life Sciences Tools & Services	11.3	-0.2
Pharmaceuticals	10.7	1.6
Healthcare Facilities	8.4	3.8
Healthcare Services	7.1	-0.8
Healthcare Supplies	6.7	-0.2
Healthcare Technology	4.6	-0.5
Healthcare Distributors	4.4	2.0
Managed Healthcare	0.7	-0.4
Insurance Brokers	0.4	0.4
Cash	3.2	3.2



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.

## Share Class Information

### Codes & Fees

Share Class	Bloomberg	ISIN	SEDOL	OCF	Annual Fee
GBP Class I Acc	PHDSIGA ID	IE00BJXT2B13	BJXT2B1	1.15%	1.00%
US\$ Class I Acc	PHDSIUA ID	IE00BJXT2996	BJXT299	1.15%	1.00%
GBP Class S Acc	PHDSSGA ID	IE00BJXT2D37	BJXT2D3	0.80%	0.65%
US\$ Class S Acc	PHDSUA ID	IE00BJXT2C20	BJXT2C2	0.80%	0.65%

**Minimum Investment: Class S Shares;** US\$5 million (or its foreign currency equivalent).

**Performance Fee** 10.00% of outperformance of MSCI World Small Cap Health Net Total Return Index.

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

### Top 10 Positions (%)

Encompass Health Corp	2.8
Tenet Healthcare Corp	2.8
Exelixis	2.7
Syneos Health	2.5
Evotec AG	2.4
Accelaron Pharma	2.4
Horizon Pharma	2.4
Hill-Rom Holdings	2.4
Insmed	2.3
United Therapeutics Corp	2.2

**Total** 24.9

**Total Number of Positions** 73

**Active Share** 76.85%

### Market Capitalisation Exposure (%)

Large Cap (> \$10bn)	5.6
Mid Cap (>\$5bn - \$10bn)	46.6
Small Cap (>\$1bn - \$5bn)	37.4
Micro Cap (<\$1bn)	7.2
Cash	3.2

### Geographic Exposure (%)

United States	74.3
Germany	4.6
Sweden	3.6
Japan	2.9
Denmark	2.8
Netherlands	1.9
Hungary	1.7
United Kingdom	1.4
China	1.2
Ireland	0.7
Other	1.8
Cash	3.2

### 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 - Healthcare Discovery Fund

## Fund Managers Comments

As at 29 January 2021

The start of the new year proved to be tricky for the Fund, though after the building retail investor drama over the month we were pleased with performance until the final week. In a matter of days, the Fund underperformed by just over 2%, as the MSCI World Small Health Care Total Return Index returned 4.9% (in dollar terms) versus the Fund's return of 2.7% (I US\$ Acc Share Class). Clearly our most disappointing monthly performance since inception, exactly one year ago, these were not the figures we were planning to deliver on our birthday month but pleased our first year is inked firmly ahead.

While we would be happier to point the finger elsewhere, the buck mostly stops with our relative positioning and stock selection more than anything else. The biotechnology and healthcare equipment areas were our biggest detractors from a sub-sector basis, and not from an allocation perspective, despite being underweight the biotech area by a good clip. We were not exposed to benchmark member Novavax, a smaller vaccine company in the hunt to produce additional coronavirus vaccine supply. Their recent clinical data update was clearly more than acceptable, this along with some short interest in the stock as well as retail momentum behind the area lead to a sizeable stock move. We were pleased that both Johnson & Johnson and Novavax produced data for their respective vaccines that are likely to build on the current global vaccine supply. Our only regret is not being directly invested accordingly.

Our healthcare equipment performance was down to selection; our holding in iRhythm Technologies, a remote cardiac monitoring technology company had an unfortunate update in terms of a perceived cut to reimbursement from one of their primary US Medicare Administrative Contractors (MAC). While we appreciated the complexity of the ongoing back and forth, the most recent payment update had been positive, so much so that three M&A transactions involving large company acquirers (Boston Scientific, Hill-Rom Holdings and Philips) quickly followed suit as well as a senior management member of the Medtronic cardiovascular team resigning to take the helm at iRhythm Technologies. Make no mistake, we take full responsibility here and while it is some consolation that we were not alone in our reimbursement take, it remains a bitter pill to swallow – we would much rather have had a better read on the resulting scenarios, should everything not go to plan. It may well be that the rates as posted are in fact an error but our digging through the related documents since then suggests the 'emergency' for resolution lies not with the MAC so the timing element remains very opaque. As the stock rallied on this 'error or omission' prospect in the subsequent days, we reduced our position accordingly.

On the positive side of the ledger, healthcare technologies and facilities were our top two subsector contributors. Renalytix AI, an information technology company that has devised a measure of kidney function risk in a prospective fashion, received a positive national reimbursement decision for their KidneyIntelX. In addition, we received two additional M&A bids for portfolio holdings over the month, one of these was the healthcare technology company Change Healthcare which is to be acquired by the large managed care company, United Healthcare. The Fund has enjoyed at least one bid a month since August, with November being the only exception. We continue to see the backdrop ripe for ongoing M&A across the board and will be disappointed not to see further consolidation for the healthcare sector.

Looking ahead, we see good reason to be optimistic for smaller companies at large, including healthcare, though having done extremely well over what was previously unforged recession territory perhaps on a more selective basis going forward. Valuations for smaller healthcare companies are more challenging, especially on a relative basis should the vaccine effort support an ongoing economic reopening. While it has not been obvious from the headline indices' figures, there has been a decent amount of rotation beneath that into more cyclical areas of the market, including those found within the healthcare sector. The biopharmaceutical arena and the innovation emanating there has indeed been the saviour of the pandemic crisis to date. Investors, and particularly retail investors of late, have clearly valued the shares with exuberance which we have endeavoured to crystallise in any extreme measure and reinvest on the more consumer side of healthcare.

The global pandemic has also laid bare areas where systems and delivery of healthcare are very much in need of investment – state of the art information technology with real time data in acute and less emergent scenarios is particularly lacking. There are challenges ahead in terms of disparities of care as well the cost of the pandemic and we are implying more than just the economic costs but the mental and physical wellbeing attention that will be required too. These, and more, are worthy and deserving of investment going forwards though who will foot the bill? The politics of the pandemic have certainly been unfortunate though, for the moment, most seem to be moving to a more unified global song sheet in terms of getting more timely rapid testing in place and as many vaccines administered as possible. In sum, we see more opportunity than not for smaller healthcare company investors, and we will continue to strive to capture as many of these as possible to the benefit of performance and, in turn, unitholders.

Happy New Year, may it be happier and healthier for everyone.

**Deane Donnigan**

4 February 2021



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# Polar Capital Funds plc - Healthcare Discovery Fund

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