

Drivers behind strong global convertible bond issuance



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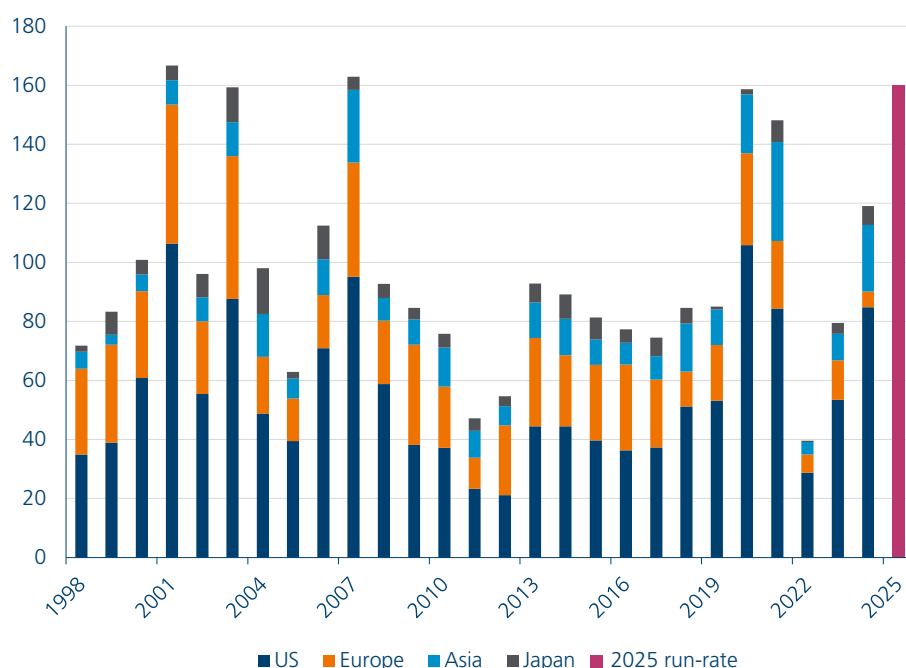
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Michael joined Polar Capital in July 2022 to work with the Convertibles Team.

The market for global convertible bonds continues to be buoyant. So far this year, there has been \$115bn of global convertible bond issuance – nearly the same level (\$119bn) issued over the whole of 2024. At this run rate, we expect issuance for 2025 to be back to levels last seen in 2020, which was a bumper year for launching convertibles.

Importantly, the new convertible issuance has been diversified across sectors and investment themes, offering considerable opportunities. At current run-rates, we estimate some \$150-\$160bn of new paper by year end.

Global convertible bond issuance 1998-2025 (\$ billion)



Source: Polar Capital and BofA Global Research. Data as of 12 September 2025.

Awards & ratings



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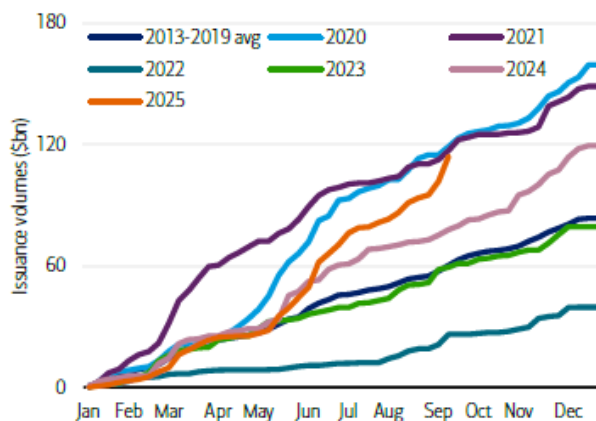
For disclosure and detailed information about this fund please request the full Morningstar Managed Investment Report from investor-relations@polarcapitalfunds.com.

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So far in 2025, issuance is 45% ahead of 2024:

Global convertibles issuance cumulative pace



Source: BofA Global Research. Data as of 12 September 2025.

The four main factors driving this trend

- 1. Refinancing:** During the Covid years, there was elevated issuance of convertible bonds – over \$200bn in 2020-21 – and five years on, these bonds are being refinanced which is contributing to the high levels of issuance today.
- 2. Market conditions:** Current market conditions are ideal for convertible bond issuance, due to:
 - **Interest rates:** Although coming down, interest rates are high relative to recent history. This makes issuing a convertible relatively more attractive than a fixed income bond as their coupons are typically lower.
 - **Credit spreads:** Corporate balance sheets and cashflows are strong. With this stable background, credit spreads are at low levels, representing an attractive time to refinance any bond.

US high-yield average credit spreads



Source: BofA Global Research, ICE Data Indices. LLC Data as of 11 September 2025.

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Current market conditions are ideal for convertible bond issuance



The level of issuance is supported by increasing demand from investors

- **Equity markets:** Equity markets have seen positive tailwinds, including strong US earnings, AI infrastructure spend and European defence spending. This has resulted in elevated valuations, supportive for the issuance of convertibles.
- **Volatility:** Convertible valuations – and issuance – have benefited from the heightened volatility in equity markets in recent years, driven by military conflicts, geopolitical uncertainty and trade friction. Equity market volatility shows no signs of receding.

3. New financing: The above conditions, while supportive of companies refinancing historic convertibles, have also encouraged opportunistic new financing. There are a number of companies coming to the convertible market for the first time, driven by the need for capital expenditure across investment themes such as AI infrastructure and high-performance computing buildout (Iren; Bitdeer; GDS Holdings; TeraWulf); cybersecurity (CommVault Systems; Cyberark; Rubrik); aerospace & defence (Blacksky; Planet Labs; Aerovironment; AST Spacemobile), among others.

4. Demand: The level of issuance is supported by increasing demand from investors. There is a growing understanding that convertibles can be an answer to the ‘asset allocation conundrum’. That is, in rising equity markets, investors want to remain invested but in a more defensive manner. Convertibles can provide a solution for this, given they are equity-linked investments that can provide significant upside participation with some downside protection.

Outlook

Looking ahead, we believe the backdrop remains robust for convertible issuance for the rest of 2025 and into 2026. As the market broadens and welcomes new issuers, we expect this to continue to generate attractive trading and investment opportunities.

Polar Capital Global Convertible Team

23 September 2025

For further information on Polar Capital’s two convertible funds, please see overleaf

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The team at Polar Capital manages two convertible funds, each with different objectives and risk profiles.

Polar Capital Global Convertible Fund

- This is a long-only convertible fund seeking to generate capital appreciation through investing in the global convertible markets, together with income generation and capital protection
- The Fund was established in 2013 and is still managed by the original founding portfolio managers
- Top quartile performance since inception¹
- The Fund has delivered more upside and participated in less downside than its benchmark
- Additionally, the Fund has delivered superior income compared to its benchmark
- **12-month Fund return 26.79%²**

 Growth	 Income	 Protection
Target asymmetric, convex returns Identify clear upside catalysts Invest only when risk-adjusted returns are attractive	Target 5% Distribution Yield³ Seek income without over-reaching Invest globally; geography and benchmark agnostic	Clear focus on limiting drawdowns Macro level: robust portfolio stress testing Micro level: detailed fundamental credit analysis

Polar Capital Global Absolute Return Fund

- This is an absolute return-seeking fund, targeting returns of c6-10% with volatility of returns of c6%
- The Fund was established in 2018 and is still managed by the original founding portfolio managers based in London and Connecticut
- The Fund has never had a loss-making year and builds upon the track record of the ALVA Convertible Arbitrage fund managed by the same team
- Taken together, the Absolute Return and ALVA funds have an enviable 10-year track record of generating excellent risk-adjusted returns, **while never suffering any loss-making years**
- **12-month Fund return 14.29%²**

 Growth	 Income	 Protection
Return target 6-10% Volatility target 6% Identify clear return catalysts and target asymmetric returns	Target 5% Distribution Yield³ Buffer created to smooth distributions	Clear focus on limiting drawdowns Low levels of correlation with other asset classes Low Equity exposure

1. **Source:** Lipper Global: Bond Convertibles - Global; USD I Acc Share Class; as at 29 August 2025.

2. Polar Capital, as at 29 August 2025. USD I Acc Share Class.

3. Please note that this is the target yield as of 29 August 2025, it is not a guaranteed yield and it is subject to change in the future.

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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 before investing.**
- **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 as there is no guarantee in place.**
- 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 invests in equities, convertible and fixed income securities and prices can rise or fall due to several factors affecting global stock markets.
- The Fund uses derivatives which carry the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as failure amongst market participants. The use of derivatives will result in the Fund being leveraged (where market exposure and the potential for loss exceeds the amount the Fund has invested) and in these market conditions the effect of leverage will magnify losses. The Fund makes extensive use of derivatives.
- The Fund invests in assets denominated in currencies other than the Fund's base currency. Changes in exchange rates may have a negative impact on the Fund's investments. If the share class currency is different from the currency of the country in which you reside, exchange rate fluctuations may affect your returns when converted into your local currency. Hedged share classes may have associated costs which may impact the performance of your investment.
- There may be times where the issuer or guarantor of a fixed income (or convertible) security cannot meet its payment obligations or has their credit rating downgraded, resulting in potential losses for the Fund.
- The Fund invests in emerging markets where there is a greater risk of volatility due to political and economic uncertainties, restrictions on foreign investment, currency repatriation and currency fluctuations. Developing markets are typically less liquid which may result in large price movements to the Fund.

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Investment in the Fund is an investment in the shares of the Fund and not in the underlying investments of the Fund. Further information about fund characteristics and any associated risks can be found in the Fund's Key Information Document or Key Investor Information Document ("KID" or "KIID"), the Prospectus (and relevant Fund Supplement), the Articles of Association and the Annual and Semi-Annual Reports. Please refer to these documents before making any final investment decisions. These documents are available free of charge at Polar Capital Funds plc, Georges Court, 54-62 Townsend Street, Dublin 2, Ireland, via email by contacting Investor-Relations@polarcapitalfunds.com or at www.polarcapital.co.uk. The KID is available in the languages of all EEA member states in which the Fund is registered for sale; the Prospectus, Annual and Semi-Annual Reports and KIID are available in English.

The Fund promotes, among other characteristics, environmental or social characteristics and is classified as an Article 8 fund under the EU's Sustainable Finance Disclosure Regulation (SFDR). For more information, please see the Prospectus and relevant Fund Supplement.

ESG and sustainability characteristics are further detailed on the investment manager's website: - <https://www.polarcapital.co.uk/ESG-and-Sustainability/Responsible-Investing/>.

A summary of investor rights associated with investment in the Fund can be found [here](#).

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Benchmark: Polar Capital Global Convertible Bond Fund The Fund is actively managed and uses the Refinitiv Global Focus Convertible Bond 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 here. 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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