POLAR CAPITAL

Jorry Nøddekær, Lead Fund Manager

Polar Capital Emerging Market Stars Fund

Q: What is your outlook for emerging markets in 2026?

There is no question we have a pretty positive outlook for 2026 for the emerging market asset class and in particular for our portfolio, which we think is really well positioned. We are clearly coming off a very strong 2025, so of course another question is: 'Can emerging markets really do well two years in a row?'. We actually believe they can, because we think we have a lot of drivers in place.

Last year, in 2025, we had three significant events. We had the AI theme getting a lot stronger, which gave a big boost to Taiwan and the technology companies there. Clearly technology, particularly memory-related names in South Korea, did very well. On top of that, in South Korea, we also have the so-called Value Up Program, the corporate governance reforms, which we believe are very significant. Finally, China went from being perceived by many as uninvestable to definitely being investable and a very hot market.

Clearly the big North Asia markets really dominated. That being said, there were actually a number of smaller markets that also performed quite well. Some of the initial rerating and multiple expansion in emerging markets has taken place, but we believe there is a lot more to come. We still believe we will see a better growth environment; a mix of very supportive policies and a better liquidity environment.

We think the consumer and a lot of the domestic investment cycle, or the capex cycle, has been sitting on the sidelines if we look beyond the pure technology cycle. We think when they come in, they will create quite a favourable backdrop for a lot of companies to surprise positively on earnings. Going into 2026 we are seeing the upside coming from earnings in a lot of areas.

Q: China is one of the most compelling investment opportunities today. What has driven this turnaround?

There is no question China has gone from being deemed uninvestable, to being very investable and that has been a very big turnaround. What we are seeing is a mix of various ingredients. Of course, they are correlated to some degree, but to put it simplistically, we would say geopolitics have clearly changed in favour of China. I think that going back to 2024 and Donald Trump coming into power, there was a lot of nervousness about what that would do to China. It became very clear that Trump could actually do very little to China and in any case China was capable of standing up to him. A lot of the global geopolitical tension has now been taken away from what relates to China. It became clear that Trump could throw a lot of threats at China, but it had very little impact and quickly backfired. So China demonstrated that geopolitically it is in a very strong position and its exports just keep growing, maybe not so much to the US, but they are selling a lot more to the Global South and the rest of the world, and there are a lot higher value-added products now.

The second driver has clearly been technology. DeepSeek was a big inflection point. There is no question that China has been very good at manufacturing cars, high-speed trains etc. but there was always a view that it was really lacking in leading-edge technology. However, DeepSeek demonstrated that China could be on the forefront when it came to AI, and it could in many ways challenge the US and really drive down AI costs, and I think it gave a huge boost to sentiment and belief. It coincided with an environment in which coming out of the long Covid cycle there had been a lot of repression on Chinese companies, so many of these had done a lot of restructuring. At the same time, there was a very famous meeting on 17 February [between President Xi and the CEOs of the major Chinese tech companies] when, at least to our belief, China's private sector was set free from that political pressure and we saw a reduction in the risk premium and a more favourable growth environment for these companies.

When you suddenly have a private sector that has been restructuring for a number of years, is getting less political pressure and is furthermore armed with cheap AI and really growing on the global stage, with a very cheap valuation on top, that is a very powerful cocktail. That of course led to strong performance in a number of Chinese names. However, we have to remember that China is coming from an extraordinarily low base and we have had many years of underperformance. We still think we have a lot more structural growth to come, which will lead to a broadening in the market. We think that is what we will start to see in 2026, so we remain quite optimistic on China and the return opportunities there.

Find out more

Client Services
E investor-relations@polarcapitalfunds.com
T +44 (0) 20 7227 2721
F +44 (0) 20 7227 2799 polarcapitalfunds.com

Q: What are the implications of US dollar weakness to emerging markets?

When you start to discuss emerging markets, most international investors will very quickly ask what is your view on the dollar or what is the dollar's impact on emerging markets. There has always been the view that you need a weak dollar for the emerging market asset class to really work.

We will say from a structural perspective, we believe the emerging market asset class and particularly a number of the leading countries are getting less and less dependent on the dollar. Whether we want to call it 'de-dollarisation' or not, we are definitely moving in that direction. We think there are more favourable regional monetary and political developments going on that we are quite optimistic about. However, that being said, there is no question that from a short-to-medium term perspective, the dollar and in particular the sentiment around the dollar, plays a very important role and put very simplistically a weak dollar gives much better pricing power to emerging market companies and emerging market governance. It puts less pressure on their current account balances and clearly it is normally also associated with a much better liquidity environment. A weak dollar can also be a boost or a driver for growth and a valuation rerating.

What we are clearly seeing now is a backdrop of the US on the geopolitical scene, making not a strong case for the dollar, or at least increasing the risk as we see it. We also see the monetary cycle turning, which is something that will most likely lead to dollar weakness and a better liquidity environment for emerging markets.

Combining these things, we believe we are looking at quite a favourable tailwind for emerging markets in 2026. Furthermore, I think a very interesting observation - still very early days – is we are starting to see the Chinese also being willing to let the renminbi appreciate a bit. If you ask us what is the cheapest asset you can find out there is, we would say that the Chinese currency, the renminbi, probably ticks the box as one of the cheapest assets that still seems to be massively mispriced. For exporting or competition reasons, China probably kept it very low, but we believe that China is now changing its mindset and focusing more on domestic demand drivers. We think there is a high likelihood that China will slowly and steadily allow the renminbi to start to appreciate.

We have also seen that this will probably have spill-over implications for the Korean currency or the Japanese yen and in many ways, this can create a global reflationary environment. Clearly a global reflationary environment is very conducive for the emerging market asset class. When we look at the more global macroeconomic backdrop, we are seeing many things that favour emerging markets.

Q: How are you positioned for the year ahead?

There are a lot of opportunities and things to be really excited about. Where we still have quite decent exposure is within technology as we think the AI driver has legs to run on. However, we will also be very frank and say when it comes to technology, we are on the margin of moving more capital to the companies that are benefiting - that is, they actually just want a cheap AI solution and try to monetise it in their business model. So, it is less about the capex cycle in the US and more about monetisation locally – that is definitely the exposure we seek in technology.

We also definitely believe we are hitting an inflection point where you are moving from the AI models 'learning' to 'applying', placing much more focus on inference and really just starting to monetise it. Within the technology space, that is where we are reallocating some capital to get exposure, but in aggregate we still like the technology area. We are definitely also on the margin thinking that with the consumer coming back, with better liquidity and the rate environment coming down, property is pretty interesting. So we have been adding a bit of capital back to some property names where we have been invested in the past, as we think the environment is turning a bit better there.

In our world, we think it is towards both industrials and consumers that the environment is directing us from a top-down perspective. We still think we can see an investment cycle coming back that would benefit industrials beyond just the more narrowly defined AI.

The consumer has maybe been a bit lacking in the past couple of years in emerging markets. Normally emerging markets have been associated with young aspirational consumption, not that has not been growing, but it has probably been on the disappointing side. Again, we are seeing more and more of what we believe is pent-up demand, higher savings rates and salary levels that have been going up in large parts of these economies.

We think a more reflationary environment can be the kind of trigger point to bring the consumer back. We are also looking a bit more into the consumer space that has been underperforming, so again we see, from a valuation argument, this is where the marginal dollar could work very well in emerging markets.

Jorry Nøddekær, Lead Fund Manager

Polar Capital Emerging Markets & Asia Team

January 2026

Polar Capital Emerging Market Stars Fund

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 the shares of companies and share 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 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.
- 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.

Important Information: This is a marketing communication and does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments. Any opinions expressed may change. This document does not contain information material to the investment objectives or financial needs of the recipient. This document is not advice on legal, taxation or investment matters. Tax treatment depends on personal circumstances. Investors must rely on their own examination of the fund or seek advice. Investment may be restricted in other countries and as such, any individual who receives this document must make themselves aware of their respective jurisdiction and observe any restrictions.

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.

Investment in the Fund concerns 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/#/professional/ESG-and-Sustainability/Responsible-Investing/)

A summary of investor rights associated with investment in the Fundcan be found here.

This document is provided and approved by both Polar Capital LLP and Polar Capital (Europe) SAS.

Polar Capital LLP is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom, and the Securities and Exchange Commission ("SEC") in the United States. Polar Capital LLP's registered address is 16 Palace Street, London, SW1E 5JD, United Kingdom.

Polar Capital (Europe) SAS is authorised and regulated by the Autorité des marchés financiers (AMF) in France. Polar Capital (Europe) SAS's registered address is 18 Rue de Londres, Paris 75009, France.

Polar Capital LLP is a registered Investment Advisor with the 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. FundRock Management Company (Ireland) Limited acts as management company and is regulated by the Central Bank of Ireland. Registered Address: Percy Exchange, 8/34 Percy Place, Dublin 4, Ireland.

For UK investors: The Fund is recognised in the UK under the Overseas Funds Regime (OFR) but it is not a UK-authorised Fund. UK investors should be aware that they may not be able to refer a complaint against its Management Company or its Depositary to the UK's Financial Ombudsman Service. Any claims for losses relating to the Management Company or the Depositary will not be covered by the Financial Services Compensation Scheme, in the event that either entity should become unable to meet its liabilities to investors. For information on the complaint process to the Management Company, please see the Country Supplement for this fund available at https://www.polarcapital.co.uk/

Benchmark: The Fund is actively managed and uses the MSCI Emerging Market 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 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.

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.

Country Specific Disclaimers: Please be aware that not every share class of every fund is available in all jurisdictions. When considering an investment into the Fund, you should make yourself aware of the relevant financial, legal and tax implications. Neither Polar Capital LLP nor Polar Capital Funds plc shall be liable for, and accept no liability for, the use or misuse of this document.

The Netherlands: This document 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 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.

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, Fund Supplement, KIDs, 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 Swiss representative is FundRock Switzerland SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève, 17 quai de l'Ile, 1204 Geneva, Switzerland.

Austria / Belgium / Denmark (professional only) / Finland / France / Germany /Gibraltar / Guernsey / Ireland / Italy / Liechtenstein / Luxembourg / Netherlands / Norway / Portugal / Spain / Sweden / Switzerland and the United Kingdom: The Fund is registered for sale to investors in these countries.

Singapore: This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor Pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The Prospectus and Information Memorandum are available to download at www.polarcapital.co.uk alternatively; you can obtain the latest copy from the Polar Capital Investor Relations team.

Hong Kong: The Fund is a collective investment scheme but is not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of this document, and the placement of interests in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

Australia: The Fund is not registered and has not authorised nor taken any action to prepare or lodge with the Australian Securities & Investments Commission an Australian law compliant prospectus or product disclosure statement. This document may not be issued or distributed in Australia and the shares/interests in the Fund may not be offered, issued, sold or distributed in Australia by the investment manager, or any other person, under this document other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act, whether by reason of the investor being a 'wholesale client' (as defined in section 761G of the Corporations Act) or otherwise. The investment manager holds Australian financial services licence no. 528982 covering certain services to wholesale clients.