Polar Capital
North American Fund

October 2025

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Awards & ratings

Analyst-driven 10%
Data coverage 96%

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

The Fund (I USD Share Class) returned 1.6% in the third quarter and 9.5% year to date, compared to 8.1% and 15.1% respectively for its benchmark, the MSCI North American Net Total Return Index (all figures in dollar terms).

While the first half of 2025 will be remembered for President Trump's sweeping tariffs on goods, and a degree of uncertainty over how the burden of such a tax would be shared among overseas suppliers, importers and domestic consumers. The third quarter of the year will be remembered for a further inflection in the boom of AI infrastructure spending and the consequential strong performance in related stocks, which dominated the market narrative and drove performance.

Given AI beneficiaries count among some of the largest companies in the world, market-cap weighted indices put on a strong showing over the quarter, outperforming their equal-weight variants and the S&P MidCap 400 Index. Small caps fared well, outperforming large caps, with poorer-quality companies bouncing particularly1 while mid-caps lagged quite markedly.

Business environment

Concerns over substantial negative revisions in employment estimates, persistent inflation, a burgeoning fiscal deficit, and the risk that the full impact of tariffs has yet to hit profit margins or consumer demand were drowned out in a market and economy consumed by enthusiasm for AI and an ongoing boom in the building of AI infrastructure.

The investment boom in AI infrastructure is looking set to join the ranks of the very largest US investment waves in history, which include railroads, the electricity grid, highways and telecoms/internet infrastructure. Some of these waves lasted for a very long period – the railroad network took several decades to construct. Others were over relatively quickly – the building of initial infrastructure for the internet lasted only a few years. In each case, fortunes were made during the boom and in some cases subsequently lost once sufficient infrastructure was built and overbuilding took place. However, greater and longer-lasting fortunes have typically been created by those industries and businesses that later benefitted from the infrastructure put in place.

The beneficiaries of the buildout of the electricity grid, highways and railroads are too disparate to mention by name, but in the case of the internet buildout, some of the beneficiaries are today's biggest companies, including Alphabet, Meta Platforms, Amazon and Netflix. Their business models would not exist were it not for the capital cycle that created the internet in the first place. Meanwhile many of the leading players involved in that capital cycle – Nortel, Lucent, Alcatel, WorldCom, Global Crossing etc – are no longer around. Interestingly, in most cases, the real inflection in scale in the infrastructure beneficiaries came at least a decade after it was built. In some cases, the second iterations of initial trailblazers, such as Google and Facebook, have been far more successful than their first-mover counterparts, such as Alta Vista and Myspace. It is possible that a similar dynamic could occur this time, with new beneficiaries coming along to harness the potency of the AI infrastructure currently being put in place.

However, there are limits to drawing parallels to past infrastructure buildouts and we note a few key differences this time around.

1. The outperformance of the Russell 2000 Index vs the S&P SmallCap 600 Index suggests lower quality fared better in Q3, given the latter has far stricter profitability and balance sheet criteria for inclusion.

> While it seems almost everyone has underestimated the pace and scale of the AI infrastructure buildout, there are still some questions about where things will settle longer term

First, the infrastructure created 25-30 years ago (fibre) and at the end of the 19th century (rail tracks) differs in nature to that being created today (GPUs in data centres). Fibre and rail tracks are inert and remain under or on the ground, potentially unused or only lightly used initially. GPUs, on the other hand, are being used immediately.

In addition, bottlenecks in areas such as leading-edge GPU availability – NVIDIA and TSMC are rational players with strong market positions – and electricity are keeping the supply side more in check than in the past. This makes it less likely there will be a big overbuild and lots of idle capacity.

The capability of GPUs is also advancing so rapidly that there appears to be a continual necessity for those building infrastructure to incur replacement spend, most notably at the leading edge. This was only a very minor feature in the case of fibre and rail track build out.

Meanwhile, demand is growing at a very fast pace and appears to be boundless. The Jevons Paradox – the idea that technology-driven efficiencies actually grow the size of a market rather than shrink it – seems to be holding. By contrast, it took a long time for demand to catch up to the promise of what railroads and the internet could offer.

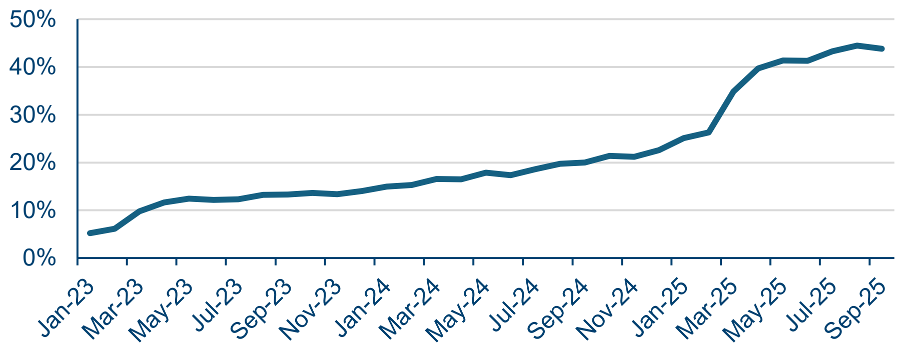
Finally, those making the investments this time around have huge scale and (pre-AI capex) huge free cashflow margins, resulting in plenty of well-funded firepower. By contrast, in prior cycles, external capital accounted for a larger slice of funding, with leverage a notable, and dangerous feature. This funding situation is beginning to change as increasingly pivotal companies like OpenAI have no cashflow of their own and are creating novel funding solutions. We are watching this dynamic carefully.

While it seems almost everyone has underestimated the pace and scale of the AI infrastructure buildout, and the growth in demand, there are still some questions about where things will settle longer term. How much of what we are seeing today is durable demand as opposed to companies and consumers trying out the latest thing? How much of the capacity buildout is because companies believe that the risk of investing too little is greater than the risk of investing too much? Demand could easily persist and seems likely to do so for the foreseeable future, but we could just as easily hit an air pocket should supply overshoot at some point.

Will the investments generate an acceptable return?

Consumer adoption of generative AI (GenAI) tools has been rapid, with ChatGPT reaching over 700 million monthly active users in a third of the time it took the internet to hit that number. Meta Platforms cites monthly active users of one billion for Meta AI and Alphabet tells us that two billion people use AI overviews and almost 500 million use Gemini. On the corporate side, while initially slower to get going, it appears there was something of an inflection in adoption earlier this year. The chart below shows the percentage of businesses (from a large sample of 40,000) that are paying something for access to 'pro' versions of large language models.

Ramp AI Index: Share of US businesses with paid subscriptions to AI models, platforms and tools



Source: RampAI, Polar Capital; September 2025

Past performance is not indicative or a guarantee of future returns. 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. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of securities in this document. A list of all recommendations made within the immediately-preceding 12 months is available upon request. Past performance is not indicative or a guarantee of future returns.

Evidence of revenue generation among the creators of the LLMs is building. Reuters recently reported that Anthropic hit $5bn in annualised recurring revenues (ARR), up from $1.5bn in January, thanks in large part to its enterprise client base paying subscriptions for 'pro' access to its Claude LLM. Meanwhile, multiple sources confirm that OpenAI generated $4bn last year and is on track to hit $13bn in ARR this year, mostly from a portion of its customers paying a monthly subscription to access ChatGPT Pro[2]. Elsewhere, Microsoft last disclosed that its Azure cloud services business was running at $13bn in ARR before the company stopped breaking out AI and non-AI revenues earlier this year. Meta Platforms has made numerous references on its conference calls to higher conversion and clickthrough rates from enhancements to the adverts served to users by Andromeda, its AI ad model.

We suspect we will see a lot more evidence of AI-attributable revenue growth in the coming years. However, investors are still left pondering whether all the capex being incurred to facilitate these new revenues will generate an adequate return over time – a question made increasingly pertinent when one considers 2026 capex at Microsoft, Meta Platforms, Amazon and Alphabet looks to be over $400bn on a combined basis, or up c5x from the pre-2020/pandemic period[3]. Oracle's capex will be up around 15-fold over the same time, given the shift in its business model.

Looking only at the return on investment (ROI) for the entities building the infrastructure is to miss the ROI for other parties in the food chain. At the moment, it feels like consumers – and users of the models generally – are getting a superb ROI. Either your LLM access is free, or any subscription paid likely reflects a fraction of the current cost of processing a query. If AI continues to improve and offer such high returns for those using the models, the undoubted winner will be the user base. This might also pay dividends for companies in more traditional sectors of the economy that extract value from using AI. However, the forces of capitalism may well come to exert pressure on users to pay more. We have seen this in many other industries over time, for example, compare Netflix pricing five years ago relative to today or look at how much the ad load on a Facebook feed has increased. We do not know how AI will ultimately be monetised, but some toll on the user base has to be expected, so returns will probably accrue to those incurring the costs of the buildout – but when, to whom, how fast and how great are all questions, the answers for which are in constant flux. This is, of course, what makes picking the 'winners' and 'losers' so very difficult.

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Funding the buildout

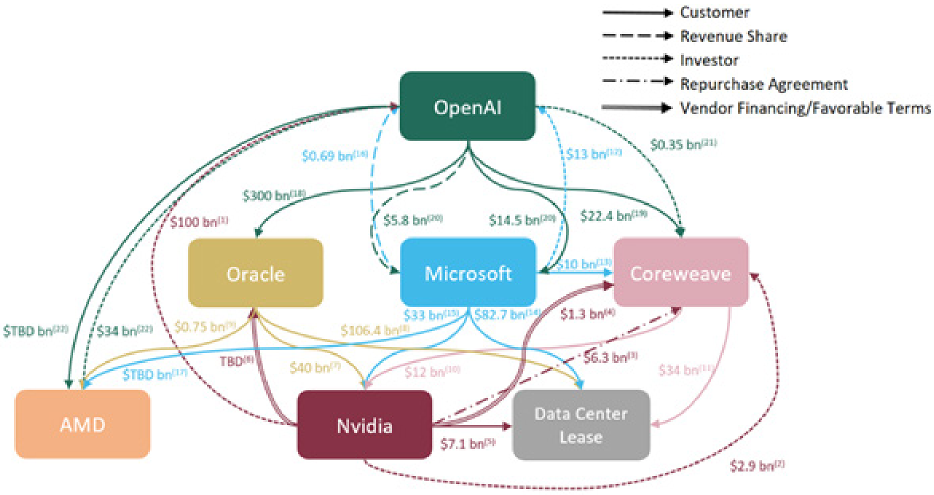
While many of the largest investors in AI infrastructure are very well-funded, cash-generating behemoths, one of biggest protagonists is OpenAI. The company has a paper value of $500bn as of the last funding round but is burning cash and will continue to do so for many years. Its ability to pay for the numerous announcements it has recently made about capacity expansion is rightly in the spotlight given the sums involved are eyewatering. During Q3, OpenAI signed a deal with Oracle for the latter to build out 4.5GW of AI data centre capacity, or around $150bn over five years.

Other deals announced during Q3 highlight how some of the funding also appears circular in nature. NVIDIA announced it will invest $100bn in OpenAI in return for OpenAI building out 10GW of NVIDIA systems. Meanwhile, Advanced Micro Devices (AMD) secured a major long-term contract for its GPUs from OpenAI and in return is giving the latter up to 10% of its share capital subject to certain milestones being met. There are numerous other contracts and alliances between the various protagonists, as the chart following shows.

2. ChatGPT ARR is believed to skew roughly 75% consumer / 25% enterprise.

3. Note that we have used Microsoft estimates for its fiscal year ending in June 2026, and used calendar 2026 FY year end for the other companies

> The early winners or enablers of an investment cycle are not always those that benefit the most in the longer term



Source: 2025 Morgan Stanley, Copyright

We are not saying that such arrangements imply an imminent implosion, or that some of these arrangements are not well thought through in their own right – the AMD deal with OpenAI actually seems to bring alignment to both parties. We are merely highlighting that such arrangements remind us a little of the late 1990s and that the increasing inter-connectedness of all the companies involved mean that diversification in the market – especially in market-cap weighted indices – is falling rapidly.

Where we stand on AI

To date, we have underestimated the quantum of spend involved. We are not alone here. Even the most bullish NVIDIA analysts underestimated the scale of demand. Moreover, the difficulty in understanding the sustainability of competitive advantage and demand in a rapidly changing technological world, a tendency to be wary of situations where investment cycles can lead to booms followed by sudden busts and our observation that the long term winners in infrastructure build-outs tend to not be those directly involved in the early stages have meant that we have not owned many of the biggest infrastructure winners so far.

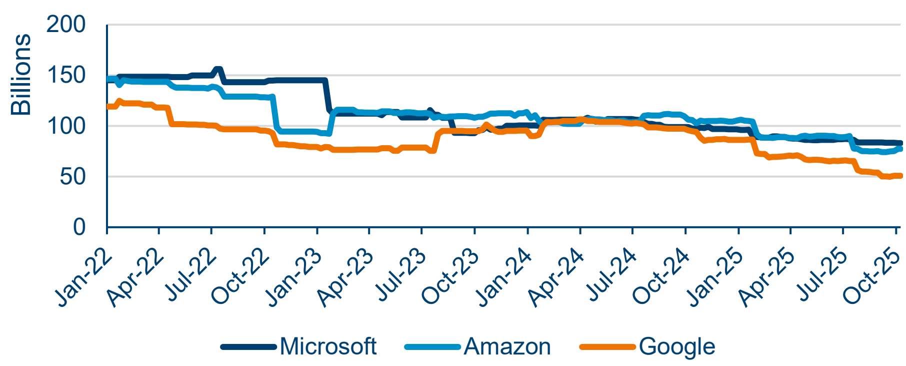
While it is too early to determine whether the return on capital will be adequate, there is early evidence of wider adoption and real revenues, enough to, at the very least, suggest the investment cycle might endure. However, as noted above, the early winners or enablers of an investment cycle are not always those that benefit the most in the longer term. We therefore remain openminded, looking for optionality for even bigger revenues among companies currently benefitting from the build out of AI, looking for longer-term beneficiaries among companies that successfully harness AI as a productivity tool, but which are not necessarily thought of as AI companies today, and alert to holdings that could be negatively impacted.

Most of our portfolio companies will use AI, but the value creation prospects of their core businesses should be largely unaffected. Food distributors, hotel franchise operators, makers of kitchen cabinets, distributors to the construction trade, drug distributors and health insurers (to name a few clusters of exposure) will not be disintermediated by AI, but their cost structures may be among its greatest long-term beneficiaries.

Where we do have direct exposure is at the level of the so-called hyperscalers, that is those companies with large cloud and data centre offerings like Microsoft's Azure and Amazon's AWS (Amazon Web Services). To date, each hyperscaler has been benefitting from increasing scale in traditional cloud services, but with the investments in AI there is a shift in the competitive landscape. We are seeing the rise of so-called neo-clouds, backed by NVIDIA most notably, along with companies like OpenAI who seem to be taking a hybrid approach to using third-party compute capacity. Thus, the opportunity set seems to have subtly shifted with capital intensity rising markedly and a greater potential for AI to erode moats established over the past decade.

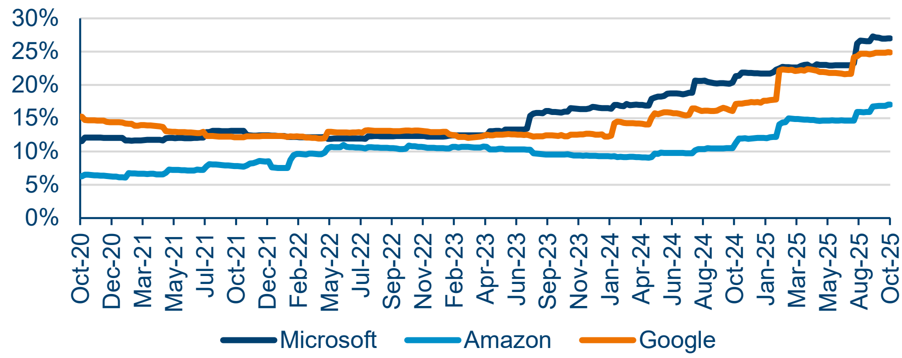
As mentioned above, the capex burden on their businesses has gone up dramatically over the past five years. For the three that we own, the charts below highlight the extent of this, and also how much their 2026 free cashflow expectations have changed since the start of 2022 despite a very large increase in revenues over that time. The market is, for now, choosing to overlook the deterioration in projected cashflow given the prospect of these companies seeing a further inflection in revenue growth and indeed a return on all that investment in the years to come.

2026 free cash flow estimates (Jan 2022-Sep 2025)



Source: Bloomberg, Polar Capital, October 2025.

Rolling 12-month forward capex/revenue estimates (Oct 2020-Oct 2025)



Source: Bloomberg, Polar Capital, October 2025

We are not actively underweight in AI because we do not believe in the value it can generate in the future. We are de facto underweight given our well-founded belief in diversification and the fact that there is so much uncertainty about how the infrastructure boom will pan out. Most of the market cap linked to AI today is in the infrastructure boom as opposed to in the businesses that will ultimately sit on top of that infrastructure. We also prefer businesses where we have greater clarity of competitive position. The evolution of AI has been so fast that it is difficult to take a long-term view. For instance, only a year ago, the prevailing wisdom was that training LLMs would consume a lot more compute power than inference in a steady state. Now that view has been up upended.

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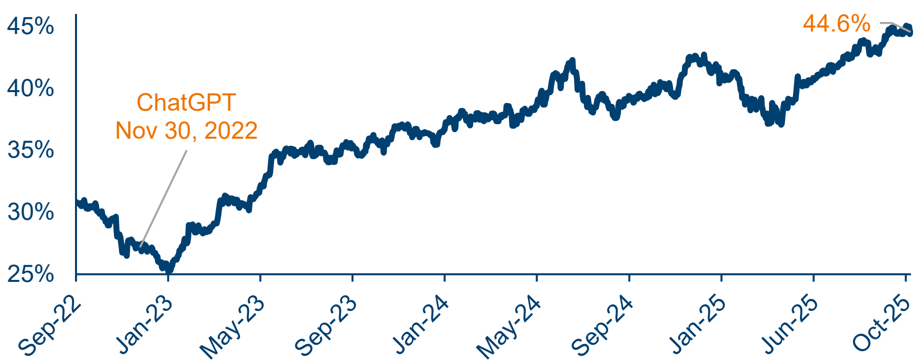
While the Fund remains underweight this capex boom, its underlying holdings continue to compound business value at a double-digit rate. Meanwhile, the percentage of the US stock market that is now being driven by the AI buildout grows by the day. Recent analysis from JPMorgan shows that a basket of 30 stocks they deem to be substantially AI affected now accounts for 43% of S&P 500 market cap. While their net income growth in 2026 is expected to be twice the net income growth of the remaining cohort of 470 non-AI S&P constituents, they trade at twice the P/E multiple and at an even greater free cashflow premium[4]. Holders of S&P trackers would do well to ask themselves whether they are adequately diversified.

AI30 as % of S&P 500 market cap



Source: JPMorgan Equity Strategy & Quantitative Research, 15 October 2025.

A key part of our investment toolkit is to focus on sustainable business value creation including understanding the long-term competitive position and business drivers. There will be opportunities in AI beneficiaries but also opportunities in companies cast aside by the market as 'AI casualties', or where competitive position is misunderstood. A lot of other good businesses are compounding away in the wider market and we are happy to stay invested in a tight selection of them while remaining on the lookout for beneficiaries of AI that fit into our process. We are not a cutting-edge technology fund – we offer something more diversified. There is more to America than AI!

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Fund performance

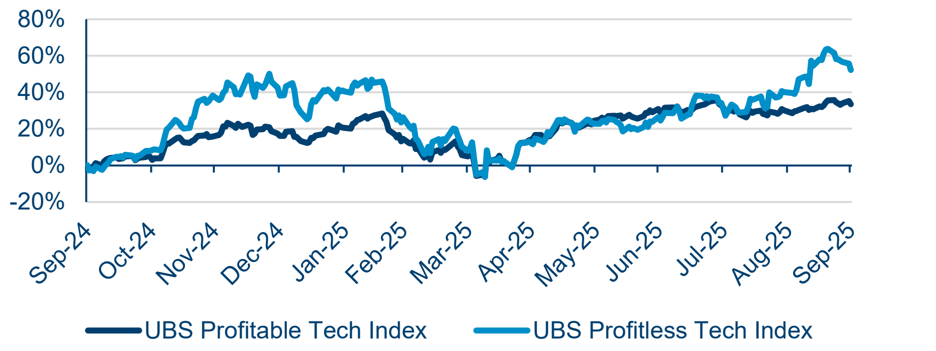
The Fund's third quarter performance was disappointing, underperforming large, mid-, small and equally-weighted benchmarks in what can only be described as a 'trimestris horribilis'. Idiosyncratic stock selection was a big driver and is explored in more depth below although, with the exception of the health insurers, which have seen profit expectations meaningfully deteriorate, most of the Fund's detractors continued to see good operational progression with little deterioration in short or medium-term profit expectations.

Given the Fund's multi-cap exposure, it was disappointing not to register better relative performance in a quarter when small caps outperformed. We can only deduce that this has something to do with the type of small-cap businesses that rallied the most. Data we have seen from Bloomberg shows that since the 8th April tariff-related market low, the 41% of Russell 2000 constituents that are loss-making have risen 53%, whereas the remainder have risen 22% (to end-September)5. Further evidence, such as the chart below or the performance of the Ark Innovation Fund, which has built a successful business investing in pre-revenue and low profitability technology companies, seems to back this assertion up. Quality, in various guises, performed poorly.

4. Source: J.P. Morgan, "Global Equity Strategy: Market Update, the Wall of Worry, the AI Sector", 10th September 2025.

5. Source: Charles Schwab and data from Bloomberg, 8 October 2025.

Loss-making tech leads in Q3



Source: Bloomberg. Data is normalised with percentage appreciation as of 30 September 2025.

In addition, momentum was a powerful force in the third quarter. Almost anything connected to AI performed extremely well while many stocks connected to the broader economy or stocks deemed to be AI losers performed very poorly. Curiously, and despite this momentum effect, some of the Fund's biggest relative winners in Q3 were recently hitting 12-month relative lows (MKS Instruments; Cenovus Energy; Open Text), while some of the biggest relative losers were recently standing at 12-month relative highs (Constellation Software; Booking Holdings; Fiserv).

> Six-month earnings revisions [for the portfolio] rank better than the market and the ongoing operational progression of the portfolio is solidly into the double digits

Year-to-date, relative performance against small, mid and equally-weighted indices is more reassuring than that recorded during Q3, albeit Q3's showing means that stock performance of a few large holdings drove a greater drag than that incurred from not owning some of the AI darlings such as NVIDIA and Broadcom. In addition, Bloomberg and Style Analysis data suggest that the portfolio is not seeing inferior earnings revisions than the market. In fact, six-month earnings revisions rank better than the market and the ongoing operational progression of the portfolio is solidly into the double digits with the result that the portfolio's relative valuation against its benchmark looks incrementally more attractive – more as a result of the benchmark rerating than the portfolio necessarily derating. What might explain this is that the Fund's relative growth against the benchmark has deteriorated, particularly near term, but given the make-up of the benchmark and the current capex boom in AI, this is more the result of what the Fund does not own rather than what it does own. Importantly, the growth and value creation credentials of the portfolio are still solidly double-digit and we feel the Fund retains a very strong valuation advantage against its benchmark, which gives us confidence in future relative returns.

Exploring stock performance

Constellation Software (Constellation), an owner and operator of over 1,000 vertical software businesses and one of the Fund's largest positions, was a significant detractor from performance in the quarter. It was weak mostly on concerns that its many software businesses might be vulnerable to AI disruption. It is difficult to say with certainty what will happen in the future given the fast pace of investment and developments in AI. We would not be surprised if some of Constellation's businesses are negatively impacted by more competition or from in-house development by their customers.

However, Constellation's businesses are niche in nature, where specialist vertical knowledge and strong relationships with end users are key to providing optimal software functionality and ongoing product development. Most of their customers – for instance, a local municipality, a vineyard or a golf club – are unlikely to develop and maintain their own software no matter what the capabilities of AI are given the relatively small costs of Constellation's products, how integrated they are with their businesses and the value add provided by them. There could be benefits from AI for Constellation too – for instance, lowering the costs of coding and the ability to enhance product development, which can in turn boost revenue or customer stickiness.

Finally, and importantly, most of Constellation's stellar record of business compounding has come from buying small vertical software companies cheaply and improving them – we do not think this has changed and indeed it may be helped by AI concerns lowering the acquisition multiples it has to pay in future. Overall, we would be surprised if Constellation does not continue to compound business value at an extremely attractive rate.

The weakness in Constellation's stock was further compounded when the founder and CEO, Mark Leonard, who built the business from scratch largely through his clarity of purpose around capital allocation, announced he was stepping down from day-to-day duties due to a serious health condition. He will remain involved in the business but has handed the reins to the long-serving COO, Mark Miller. Though the company would, without a doubt, be better off with Mark Leonard at the helm given his hugely impressive expertise, we do not expect any change in how the business is run and do not expect its business value creation prospects to change materially. Importantly, a key feature we admire about the company and its capital allocation over time is the way that it has been developed into a repeatable and methodical process that is carried out mostly on a decentralised basis.

> Constellation's stellar record of business compounding has come from buying small vertical software companies cheaply and improving them – we do not think this has changed

Other large active positions that hurt relative performance during Q3 included Booking Holdings (Booking) and Intercontinental Exchange (ICE). Booking has built a highly effective demand and content aggregation platform over multiple decades – in this case bringing hotels together with a growing and engaged user base of travellers who value the broadest offering across both hotels and alternative accommodation, ease and reliability of booking and, for more frequent travellers, the loyalty programme. Travel demand more broadly was slightly softer during the quarter and Booking's stock was not immune to pressure.

Longer term, we are attuned to the possibility that ChatGPT, or another AI platform, will insert itself in the human psyche as a destination for people looking to travel. However, of note, both Booking and Expedia were cited at OpenAI's recent DevDay as partners (not adversaries) and, as they control the inventory, replacing them in the supply chain may be very difficult. In addition, fragmentation at the top of the funnel might actually benefit traffic acquisition costs if Google's dominance in feeding customers to Booking lessens somewhat. Overall, we remain attracted to Booking's strong balance sheet, excellent free cashflow conversion and double digit per share compounding, as well as its very reasonable valuation.

ICE underperformed in part due to a drop in volatility across markets and consequently a lower volume of trades in some of its key exchange traded commodities. ICE also sells mortgage origination and closing software and sells data from its exchange businesses, so there may be some element of its weak performance that can be attributed to fears around AI encroachment into these areas.

Other business service software vendors like Factset and Gartner have seen AI-related pressure in their stock prices recently, so there may be some element of 'guilt by association'. However, both these businesses essentially repackage information that resides in the public domain and present it with either some kind of interpretation or editorial opinion. ICE's mortgage software, on the other hand, sits at the hub of a complex network, and when it resells data from its exchange businesses, the data being sold is proprietary, and hence not available to AI models.

As with Booking, we are keeping a very open mind on the impact of AI on parts of ICE's business, but for now see the risks as contained. Somewhat akin to Constellation, the market is currently looking only at the negative connotations of AI impact on these businesses and not at any of the potential productivity positives. Of note, both Booking and ICE have seen positive relative earnings revisions this year, supporting what we touched on above regarding the portfolio's compounding potential remaining undiminished.

Other detractors to relative performance included Fidelity National Information Systems, which reported solid operational results during the quarter, but fell quite heavily on a more mixed outlook for the balance of the year. Although the company raised full-year revenue expectations, it tempered current (Q3) quarter guidance, effectively pushing out the revenue recovery investors had been expecting to unfold more linearly. Weak free cashflow conversion was also unwelcome.

Lastly, exposure to two health insurers, Centene and Elevance Health, caused significant performance erosion during the quarter. Centene's woes came first, with a very large reduction to annual earnings guidance in early July after a third-party actuarial report showed that the company had being overly optimistic in its projections for revenue and profits in its healthcare exchange business. The company also disclosed higher claims activity in areas like behavioural health and high-cost drugs, which damaged margins in its Medicaid business.

> The market is currently looking only at the negative connotations of AI impact on these businesses and not at any of the potential productivity positives

Elevance Health fell on broadly similar concerns within Medicaid and a much more modest earnings guidance adjustment given a lack of exposure to healthcare exchanges. The health insurance industry has been badly impacted by higher medical costs and plan utilisation, insufficient premium inflation and a lack of clarity on some government policies. We had reduced positions in both stocks last year and have been surprised by the degree of mismatch between paying out a higher level of claims to a sicker population and receiving adequate premium rate increases from the public bodies that fund such activity. While the road to recovery from here may not provide instant gratification, we do expect recovery from current depressed levels of profitability. Valuation multiples of both stocks in early August were lower than they were at the height of concern over the disenfranchisement of the entire business model in advance of the passage of Obamacare over a decade ago and, despite the rallies both stocks have seen off the lows, remain very attractive.

Q3 was not all negative. Positive contribution came from a wide variety of stocks including Interactive Brokers Group, Cenovus Energy, MKS Instruments, Lowe's Companies and CRH. Interactive Brokers Group posted excellent operational results during the quarter, showing strong revenue and new client account growth in tandem with excellent margins, thanks to the company's ability to leverage cost efficiencies from its highly scalable low-cost technology platform. Strong retail investor activity levels may have also helped boost sentiment.

Cenovus reported markedly better performance from its downstream refining operations following multiple quarters of mishaps. MKS Instruments benefitted from an improvement in the outlook for semiconductor capital equipment spending. Lowe's Companies (Lowe's) and CRH both reported better than expected results in the quarter, perhaps suggesting the first signs of demand improvement in their respective cycles.

Fund activity

There were no new additions to the portfolio in Q3 and three complete sales.

We sold SS&C Technologies Holdings (SS&C) on growing concerns that the company is running out of appealing reinvestment opportunities. The company has recently been paying up for acquisitions with less clear synergies or scope to add value. In addition, we have concerns that some of the software that SS&C currently provides to automate various repeatable processes could see some encroachment from AI.

We sold CRH after the investment case played out favourably in a relatively short period. The fundamentals performed better than we expected and the rerating in its earnings multiple, following the moving of its primary listing from London to New York, was quite substantial. We do not think it is over-valued, but we are more wary of a change in the prospective risk/reward balance, hence we felt it was time to move on.

We sold Lowe's after the company announced it was making a major acquisition of a building materials manufacturer and distributor. The announcement marked a shift in strategy for the company, which had previously compounded business value by focusing on not competing head-to-head with Home Depot in the complex procategory, but rather focusing on the small and medium-sized pro as well as its core DIY customer. The original thesis of using excess free cashflow to materially decrease its share count was a key attraction to us, and with that removed and deal execution risk added to the mix, we decided to exit.

Conclusion

The third quarter of 2025 proved challenging for the Fund as markets became increasingly concentrated in AI-related infrastructure stocks and some lower-quality businesses.

> Our focus is on long-term value creation, valuation discipline and diversification of fundamental drivers, all of which we believe will serve investors well over the long term

The ongoing boom in AI infrastructure investment is unprecedented in scale and speed, and while it offers exciting opportunities, it also raises questions about sustainability and ultimate returns on capital. As history has shown, the greatest beneficiaries of past investment cycles often emerge after the initial buildout phase, typically among companies that successfully harness new technologies rather than those that supply the infrastructure itself. Moreover, with an increasing share of the S&P 500 either driven wholly or in part by AI, diversification of the drivers of business value is falling and holders of S&P tracker funds would do well to consider this.

We continue to believe that the long-term investment opportunity in North America extends far beyond the current AI infrastructure boom. The Fund remains well positioned in companies with durable competitive advantages, sound balance sheets and the ability to compound value over time. The operational progress and earnings resilience across our holdings remain encouraging and portfolio valuations are increasingly attractive in a market showing signs of exuberance in certain segments. We remain alert to emerging opportunities, both among future beneficiaries of AI and in areas temporarily overlooked by the market. As always, our focus is on long-term value creation, valuation discipline and diversification of fundamental drivers, all of which we believe will serve investors well over the long term.

Polar Capital North American Team

21 October 2025

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. Hedged share classes may have associated costs which may impact the performance of your investment.
- The Fund invests in a relatively concentrated number of companies and industries based in one region. This focused strategy can produce high gains but can also lead to significant losses. The Fund may be less diversified than other investment funds.

Important Information

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 North America Net Total Return Index as a performance target. 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, 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 Fund is domiciled in Ireland. 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/Finland/France/Germany/Gibraltar/Ireland/Italy/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.

Morningstar

The Morningstar Medalist RatingTM is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirect-ly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to global.morningstar.com/managerdisclosures/.

The Morningstar Medalist Ratings are not statements of fact, nor are they credit or risk ratings. The Morningstar Medalist Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause expectations not to occur or to differ significantly from what was expected, (iii) are not guaranteed to be based on complete or accurate assumptions or models when determined algorithmically, (iv) involve the risk that the return target will not be met due to such things as unforeseen changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rates, exchange rate changes, and/or changes in political and social conditions, and (v) should not be considered an offer or solicitation to buy or sell the investment product. A change in the fundamental factors underlying the Morningstar Medalist Rating can mean that the rating is subsequently no longer accurate.