POLAR CAPITAL

Polar Capital Funds plc
Global Insurance Fund

Fund Fact Sheet

30 April 2019

GBP Class I Acc
ISIN: IE00B5339C57

NAV per Share

GBP Class I Acc	690.15p

Fund Particulars

Fund Size	£1,267.1 million
Base Currency	GBP
Denominations	GBP / US$ / EUR
Fund Structure	Open-ended
Domicile	Dublin, Ireland
Listing	Irish Stock Exchange
Launch Date[1]	16 October 1998
Management	Polar Capital LLP

Historic Yield (%)[2] 1.62

Fund Managers

Nick Martin

Fund Manager

Nick joined the team in 2001 and manages the Fund. He joined Polar Capital in 2010 and has 20 years of industry experience.

Dominic Evans

Analyst

Dominic joined Polar Capital in October 2012 and has 10 years of industry experience.

Fund Profile

Investment Objective

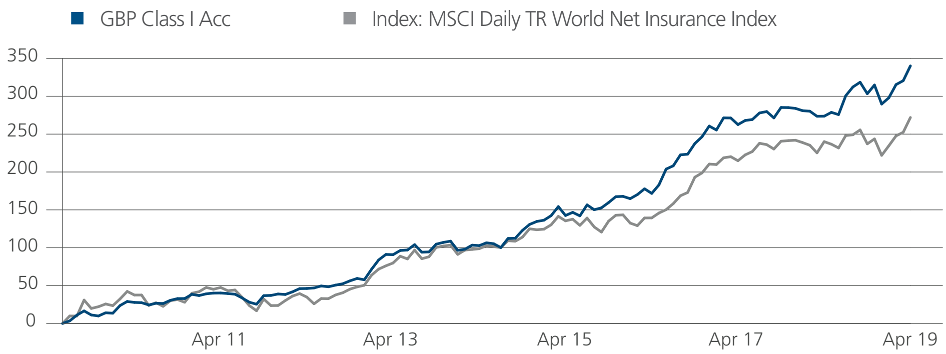
The Fund aims to provide an attractive total return, irrespective of broader economic and financial market conditions, by investing in companies operating within the international insurance sector.

Key Facts

- Managed by industry professionals
- Low correlation to broader equity markets
- 20+ year track record (since launch)
- Typically own 30-35 holdings with low turnover
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

Share Class Performance

Performance Since Launch (%) [1]



	1 month	3 month	YTD	1 year	3 years	5 years	10 years	Since Launch Ann.	Since Launch Cum.
GBP Class I Acc	4.65	10.58	12.94	17.78	61.97	117.03	-	16.36	340.12
Index	5.55	11.15	15.54	9.39	55.96	87.87	-	14.42	273.38

Discrete Annual Performance (%)

12 months to	30.04.19	30.04.18	28.04.17	29.04.16	30.04.15
GBP Class I Acc	17.78	3.06	33.43	12.04	19.60
Index	9.39	8.40	31.52	1.66	18.50

Source: Northern Trust International Fund Administration Services (Ireland) Ltd, monthly percentage growth, GBP 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 GBP Class I Acc was launched on 21 July 2009. The index performance figures are sourced from Bloomberg and are in GBP 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 GBP. 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.

1. The Polar Capital Global Insurance Fund was launched on 27 May 2011 (the Hiscox Insurance Portfolio Fund, launched 16 October 1998, was merged into the Polar Capital Global Insurance Fund on 27 May 2011). Performance data prior to 27 May 2011 relates to the Hiscox Insurance Portfolio Fund. Whilst the investment management team and strategy are identical between the Hiscox Insurance Portfolio Fund and the Polar Capital Global Insurance Fund, please note not all terms are consistent, including fees. Please refer to the Fund Prospectus for details of the Polar Capital Global Insurance Fund. Past performance is not indicative or a guarantee of future returns. Prior to the amalgamation of both funds, the benchmark was the Datastream World Insurance Index (£). The benchmark was changed at the launch of the Polar Capital Global Insurance Fund to the MSCI Daily TR World Net Insurance Index as it is the benchmark upon which performance fees are calculated.
2. Historic yield is based on a NAV per share of £5.40 and income of £0.0877 per unit paid in the last 12 months, based on GBP Institutional distribution units. **WARNING: Investors should note that historic yield does not measure the overall performance of a fund. It is possible for a fund to lose money overall but to have a positive historic yield. Historic yield cannot be considered as being similar to the interest rate an investor would earn on a savings account.**

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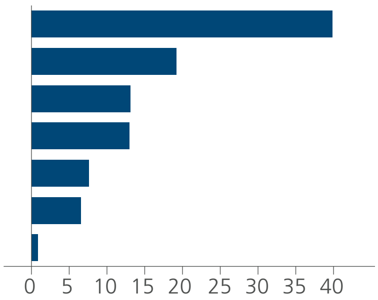
Polar Capital Funds plc - **Global Insurance Fund**

Portfolio Exposure

As at 30 April 2019

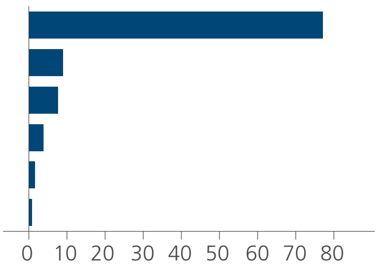
Sector Exposure (%)

Commercial	39.9
Retail	19.2
Insurance Brokers	13.1
Reinsurance	12.9
Multi-line Insurance	7.6
Life and Health	6.5
Cash	0.8



Geographic Exposure (%)

US Listed	77.1
UK	8.9
Canada	7.7
Asia	3.8
Europe	1.6
Cash	0.8



Top 10 Positions (%)

Arch Capital	8.8
Marsh & McLennan	7.8
Chubb	7.5
Alleghany	4.9
Essent Group	4.7
WR Berkley	4.6
RenaissanceRe Holdings	4.5
Berkshire Hathaway	4.3
The Travelers Cos	4.1
Markel	4.0
Total	**55.2**

Total Number of Positions **34**

Active Share **73.32%**

Market Capitalisation Exposure (%)

Large Cap (>US$5 billion)	85.8
Mid Cap (US$1 billion - US$5 billion)	11.6
Small Cap (<US$1 billion)	2.5

Share Class Information

Codes & Fees

Share Class	Bloomberg	ISIN	SEDOL	OCF	Annual Fee
US$ Class R Acc	PCFIRUA ID	IE00B5164B09	B5164B0	1.38%	1.25%
US$ Class R Dist	PCFIRUD ID	IE00B4X9QT28	B4X9QT2	1.38%	1.25%
GBP Class R Acc	PCFIRGA ID	IE00B4X2MP98	B4X2MP9	1.38%	1.25%
GBP Class R Dist	PCFIRGD ID	IE00B51X0H96	B51X0H9	1.38%	1.25%
EUR Class R Acc	PCFIREA ID	IE00B52VLZ70	B52VLZ7	1.38%	1.25%
EUR Class R Dist	PCFIRED ID	IE00B547TM68	B547TM6	1.38%	1.25%
US$ Class I Acc	PCFIIUA ID	IE00B4Y53217	B4Y5321	0.88%	0.75%
US$ Class I Dist	PCFIIUD ID	IE00B503VV16	B503VV1	0.88%	0.75%
GBP Class I Acc	PCFIIGA ID	IE00B5339C57	B5339C5	0.88%	0.75%
GBP Class I Dist	PCFIIGD ID	IE00B530JS22	B530JS2	0.88%	0.75%
EUR Class I Acc	PCFIIEA ID	IE00B55MWC15	B55MWC1	0.88%	0.75%
EUR Class I Dist	PCFIIED ID	IE00B4V4LB63	B4V4LB6	0.88%	0.75%
US$ Class I Acc Hedged	PCGIIHU ID	IE00BD3BW042	BD3BW04	0.88%	0.75%
EUR Class I Acc Hedged	PCGIIHE ID	IE00BD3BW158	BD3BW15	0.88%	0.75%
GBP Class RA Dist*	SNGIHPI ID	IE00B5NH4W20	B5NH4W2	1.38%	1.25%
GBP Class RB Acc*	SNGIHPA ID	IE00B63V4760	B63V476	1.38%	1.25%
GBP Class I Dist (E)*	HISIPEI ID	IE00B4XZ9Q84	B4XZ9Q8	0.88%	0.75%
GBP Class I Acc (F)*	HISIPFA ID	IE00B61MW553	B61MW55	0.88%	0.75%

Minimum Investment: Class I Shares; US$1 million (or its foreign currency equivalent). **Class R Shares;** No minimum subscription. *These share classes are closed to new investors.

Performance Fee 10.00% of outperformance of MSCI Daily TR World Net Insurance Index.

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

Administrator Details

Northern Trust International Fund Administration Services (Ireland) Ltd

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Dealing	Daily
Cut-off	17:00 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.

Fund Managers Comments

As at 30 April 2019

In April the GBP R Class (Acc) shares of the Fund were up 4.6% versus the MSCI World Insurance Index (Net Total Return GBP) return of 5.5%, 2.7% for the FTSE All-Share Index, 3.7% for the S&P 500 Index and 3.2% for the MSCI World Index (all total return GBP).

Year to date, GBP R Class (Acc) shares of the Fund were up 12.8% versus the MSCI World Insurance Index (Net Total Return GBP) return of 15.5%, 12.3% for the FTSE All Share Index , 15.6% for the S&P 500 Index and 13.8% for the MSCI World Index (all total return GBP).

We noted in last month's factsheet that we expected 1Q19 to be a strong quarter and at the half way point of this reporting season we have not been disappointed. We have talked consistently over the last 12-18 months of the growing momentum in primary insurance pricing since the 3Q17 catastrophe events. Rate increases initially focused on loss affected property risks, some casualty lines and certain classes of business with recent poor loss experience including US commercial auto and many specialty lines written, for example, at Lloyd's of London. However, over the past year we detected increasing signs and anecdotal evidence that these rate rises were broadening across the market. Market participants are now making similar observations. Evan Greenberg, CEO of Chubb, noted that the pricing environment in US commercial lines was the best in five years and that "the rate of increase is accelerating in short and long-tailed lines in the United States and London wholesale in particular." Willis Towers Watson echoed this view in their Spring 2019 Insurance Marketplace update, saying: "There is a clear trend across most lines of business and most geographies that insurers are taking steps to return to underwriting profitability. We are seeing price firming almost universally. While capital remains plentiful, insurers are demonstrating their long-sought pricing discipline as they exercise more judicious deployment of capacity. The price firming is, of course, more prominent in some lines and geographies than in others. For example, wind exposures in the Caribbean and coastal US, airlines and primary D&O [Directors & Officers] for public companies are seeing some eye-opening double-digit hikes. Certain sectors have been hard hit by losses and are experiencing what could be called rate spikes — global construction projects, power, downstream energy and health care professional in the US But the firming trend applies even in more benign areas."

It appears to us that the scepticism of some analysts regarding the strength of the improvements in the underwriting market is starting to wane. The extent of the price increases discussed by management teams with their 1Q19 results seem to have tipped the balance with analysts now starting to speak of rates exceeding loss-cost inflation which is positive for underwriting margins going forward.

Momentum is also building in reinsurance pricing. The April Japan renewal reacted as anticipated to the continual deterioration in the 2018 losses (Typhoon's Jebi and Trami) with several reinsurers noting the market response was "disciplined". The latest estimates put the losses from these events in excess of $12bn which compares with initial estimates of the low, single-digit billions. One global reinsurer noted on their earnings call that as a consequence of the loss deterioration they had reappraised their approach to underwriting Japanese Typhoon risk and it was positive, therefore, to see these contracts renewing with c20% increases.

We are fast approaching the 1 June renewals for the Florida reinsurance market. Rate increases will reflect not only the 2018 catastrophes but also the very significant deterioration in 2017 loss estimates (notably from Hurricane Irma) that occurred after the renewal a year ago. It is not surprising to hear the discussions between insurers and their reinsurers this year are tense, starting earlier than normal and are expected to be concluded relatively late.

One company that has completed its renewal already paid a blended 30% increase with some parts of its cover paying significantly more than this. While this is likely to be at the high end of what we will see for the market overall most participants are expecting double-digit increases. In addition to better pricing, underwriting results going forward will also benefit from recent regulatory reforms in the Florida market that are intended to stem the abundance of artificially inflated claims seen in recent years.

The Fund has performed well so far this year in absolute terms but given the defensive characteristics of the non-life insurance sector it is not surprising that we have lagged the resurgent broader equity indices. Strong results have led to valuations falling over the past 12-18 months despite the improving trajectory of book-value growth driven by better underwriting markets and rising investment income. This improving outlook is now starting to be reflected in a more bullish tone being shown by industry analysts. Any change in investor sentiment will likely see a reappraisal of the attractive fundamentals of our industry. In the meantime, we continue to invest in well-run insurance companies that can compound their book value over time. Writing this in Omaha I am reminded of Warren Buffett's comment: "Time is the friend of the wonderful company, the enemy of the mediocre."

Nick Martin

3 May 2019

CITYWIRE +

FE CROWN FUND RATING

PORTFOLIO ADVISER FUND AWARDS 2017 GOLD Specialist equity LAST WORD

FE ALPHA MANAGER 2019 NICK MARTIN

ELITE RATED by FundCalibre.com

Source & Copyright: CITYWIRE. Nick Martin has been awarded a Plus rating by Citywire for his 3 year risk-adjusted performance for the period 31/01/2016 - 31/01/2019.

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