Polar Capital Global Financials Trust plc

Trust Fact Sheet
30 December 2016

Trust Facts

Ordinary Shares

Share Price	128.38p
NAV (undiluted) per share	138.24p
NAV (diluted) per share	134.73p
Premium	-
Discount	-7.14%
Capital	172,175,000 shares of 25p

Subscription Shares [1]

Share Price	10.75p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

Assets & Gearing [2]

Total Net Assets	£238.0m
AIC Gearing Ratio	6.25%
AIC Net Cash Ratio	0.00%

Historic Yield (%) **2.59**

Dividends (p/share)

August 2016 (paid)	1.95
February 2016 (paid)	1.38
August 2015 (paid)	1.85
February 2015 (paid)	1.35

Benchmark [4]

MSCI World Financials Index

Fees [3]

Management	0.85%
Performance	10%

Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

Discount Warning

The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

Subscription shares will have a dilutive effect on ordinary shares when the Net Asset Value (NAV) is greater than the conversion price.

Company Profile

Investment Objective

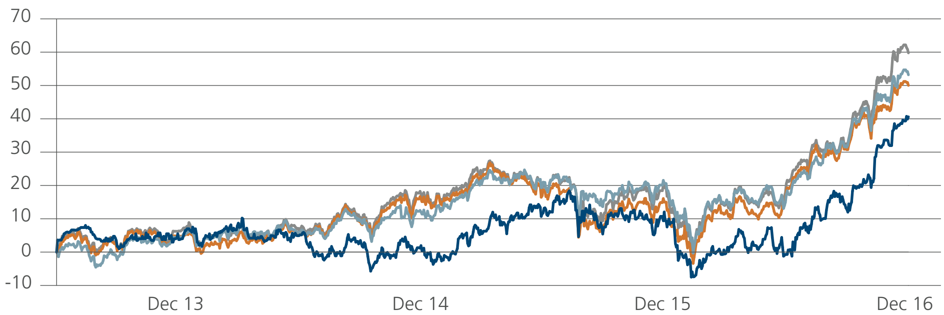
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

Investment Policy

The Company will seek to achieve its objective by investing primarily in a global portfolio consisting of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors.

Performance

Performance Since Launch (%)



	1 Month	3 Months	6 Months	1 Year	Since Launch
Ordinary Share Price (TR)	5.33	25.55	41.59	28.52	40.60
NAV (undiluted per Share) (TR)	4.69	16.12	30.85	27.23	53.41
MSCI World Financials Index TR [4]	5.11	20.45	32.50	34.16	59.78
MSCI ACWI Fin + Real Estate Index [4]	4.43	14.74	26.80	30.46	50.02

Discrete Performance (%)

	30/11/16 30/12/16	30/11/15 30/11/16	28/11/14 30/11/15	29/11/13 28/11/14	01/07/13 29/11/13
Ordinary Share Price (TR)	5.33	21.43	6.22	-2.14	5.75
NAV per Share (TR)	4.69	22.17	5.23	9.86	3.75
MSCI World Financials Index TR	5.11	28.04	0.88	10.98	6.03

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP. The Trust was launched on 1 July 2013. The Net Asset Value (NAV) as at 1 July 2013 was 98.0p per ordinary share based on the subscription price of 100.0p per ordinary share and launch costs of 2.0p per ordinary share. Past performance is not indicative or a guarantee of future results. The share price performance is adjusted for dividends paid out.

1. For full details of the subscription shares and their exercise terms please refer to the Prospectus and the notes of the Company's website. Each share confers the right to subscribe for 1 Ordinary share at 115p on 31 July 2017.
2. Gearing calculations are exclusive of current year revenue.
3. The performance fee is on any outperformance over a hurdle of the index +1.25% per annum. Further details can be found in the Report and Accounts and Prospectus.
4. MSCI ACWI Financial + Real Estate Index (£ adjusted) has been used for illustrative purposes only as a comparator of the Financial plus Real Estate sector. The MSCI World Financials Index removed Real Estate from the benchmark in August 2016. The performance fee calculation against the MSCI World Financial Index remains unchanged.

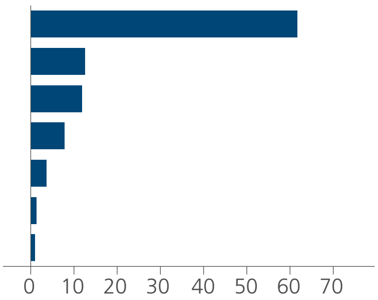
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 30 December 2016

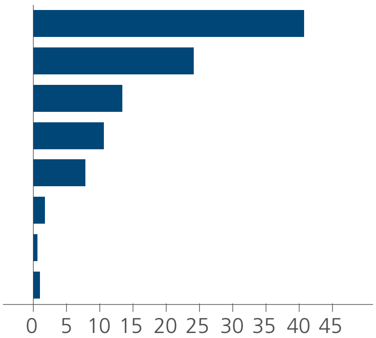
Sector Exposure (%)

Banks	61.7
Diversified Financials	12.6
Insurance	11.9
Fixed Income	7.8
Real Estate	3.6
Software & Services	1.4
Cash	1.0



Geographic Exposure (%)

North America	40.7
Europe	24.1
Asia Pac (ex-Japan)	13.4
UK	10.6
Fixed Income	7.8
Japan	1.7
Latin America	0.6
Cash	1.0



Top 15 Holdings (%)

JPMorgan	4.3
Bank of America	3.2
Wells Fargo	3.2
ING Groep	3.2
Chubb	2.9
BNP Paribas	2.5
Citigroup	2.5
Swedbank	2.3
PNC	2.2
First Republic Bank	2.2
Synchrony Financial	2.0
Toronto-Dominion	2.0
Marsh & McLennan	1.9
Sampo	1.9
KBC Groep	1.9
Total	**38.2**

Total Number of Positions **76**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	74.5
Medium (US$ 0.5bn - 5bn)	22.2
Small (less than US$ 0.5bn)	3.3

Investing in the Trust and Shareholder Information

Trust Characteristics

Launch Date	01 July 2013
Year End	30 November
Half Year End	31 May
Results Announced	Late Jan/Feb
Next AGM	Spring 2017
Trust Term	Fixed life to May 2020
Listed	London Stock Exchange

Market Purchases

The ordinary and subscription shares are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Corporate Contacts

Registered Office and Website

16 Palace Street, London SW1E 5JD
www.polarcapitalglobalfinancialstrust.co.uk

Custodian

HSBC Plc is the Depositary and provides global custody of all the company's investments

Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
www.shareview.co.uk

Codes

Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

Subscription Shares [1]

ISIN	GB00B9XQV370
SEDOL	B9XQV37
London Stock Exchange	PCFS

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis.

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.

Note: Totals may not sum due to rounding.

Fund Manager Comments

As at 30 December 2016

Financials outperformed underlying equity markets in December, continuing their recent run of good performance. This was despite the "no" result in the Italian referendum and resignation of the Italian prime minister and just as concerning rumours that banks would see their capital requirements ratcheted up again far more than had been expected. However, the positive news regarding the bail-in of Monte de Paschi helped sentiment. Against this background, the Trust's net asset value rose by 4.7% behind our benchmark index, the MSCI World Financials Index, which rose by 5.1%, but ahead of the broader MSCI ACWI Financials + Real Estate Index return of 4.4%.

European financials having dipped in the run-up to the Italian referendum, rallied strongly despite the result with banks rising 7.7% over the month. In particular, our Italian bank holdings, namely Intesa Sanpaolo and Banca Sistema, rose 19.6% and 15.7% respectively. Nevertheless, the biggest contributors to performance were a number of our larger bank holdings such as a JPMorgan and First Republic in the US and BNP Paribas and Societe Generale in France.

Conversely, the two holdings that were the biggest drag on performance were International Personal Finance (IPF) and Novae. We own both the Euro and Sterling bonds of IPF, an unsecured consumer lender in Eastern Europe and Mexico, which fell on the news that the Ministry of Justice in Poland, its largest market, would be tightening anti-usury laws. Novae, the property & casualty insurer, also announced a disappointing trading statement highlighting greater than expected losses from claims which resulted in its shares falling sharply.

The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, was due to meet and announce final proposals on capital requirements for the banking sector in January. Leaks had suggested that they would be more onerous than expected with those banks that have significant exposure to the mortgage market most susceptible to higher capital requirements, albeit, with a very long lead time before being implemented.

This is at odds with statements from UK and European regulators who have consistently stated that there would be no material increase in capital requirements. The market appeared to take the view that most of any increase would be offset by a reduction in other capital requirements where national regulators have discretion, they would be diluted down further or at the extreme some countries would walk away from implementing them.

Then at the beginning of January a press release was put out by The Basel Committee saying the meeting had been postponed as the proposals had yet to be finalised and needed more work in calibrating before a final review. To what extent this was due to significant lobbying rumoured to be from France and Germany, amongst others, or otherwise it is seen as positive news for the sector. The next meeting is due in March.

In December we attended a conference in New York. It was the consensus view in presentations that the credit cycle has probably been extended by a couple of years and that losses will continue to be driven predominantly by sector specific issues, as has been seen in energy and retail, rather than a broader downturn. Also that the risks that growth will be significantly better (or worse) than expected has increased due to the incoming administration. Universally, everyone (albeit it was a very US centric audience), was very bullish on the outlook for the US.

Steve Eisman, one of the key characters of Michael Lewis's book, The Big Short, about some of the small number of investors who shorted sub-prime mortgages in the run-up to the financial crisis and played by Steve Carrell in the film of the same name, gave an interview on his market views. His comments on US banks, since picked up by the Financial Times, were straightforward, namely that profits will be boosted from looser regulation, higher net interest margins and lighter capital requirements.

He pointed out that you would have to go back to the 1930s to find a period when US banks were better capitalised or as he told the audience in New York "Citigroup has gone from 35x levered to 10x. Who cares if it goes to 12x". In the Financial Times article he was quoted as putting the case for US banks more succinctly saying, "People have known only one thing – pain – for the past decade, from the financial sector. I think there is a lot of scepticism, given the time people have been in agony, that things can really be better. Ask yourself which sector has the most percentage upside from earnings estimates, the answer is banks. It's not even debatable".

We have seen an uptick in consensus estimates for US banks but as yet it has been limited to a low single-digit percentage, increase, although some brokers have increased their estimates upwards of 15% for some of the more interest rate sensitive banks or those with large investment banking operations. But as yet, no-one is assuming a reduction in taxes or stronger loan growth or fee income in their forecasts, so potential upside for earnings remains material. Not surprisingly there has been a much more limited change in earnings forecasts for European and Japanese financials.

The sector has rallied hard over the last six months, albeit initially from very oversold levels, so is due a pause. However, until leading indicators turn down or markets price in some of the more radical proposals of the new US administration, such as border taxes, then there is probably limited downside. Outside the US, pessimism appears to be the focus whether due to political risk in Europe or the impact of a stronger US Dollar and protectionism on emerging markets and therefore offer the biggest risk of a positive surprise.

Nick Brind & John Yakas

10 January 2017

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 22 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 28 years of industry experience.

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Benchmarks The following benchmark indices are used: MSCI World Financials Index and MSCI ACWI Financial + Real Estate Index (£ adjusted). These benchmarks are generally considered to be representative of the Financial Equity universe. These benchmarks are broad-based indices which are used for comparative/illustrative purposes only and has been selected as they are well known and is easily recognizable by investors. Please refer to www.msci.com for further information on these indices. Comparisons to benchmarks have limitations as benchmark's volatility and other material characteristics may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Fund may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Fund may incur. The performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund is similar to indices in composition or risk.

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