

## Trust Fact Sheet

28 February 2018



### Trust Facts

#### Ordinary Shares

Share Price	143.00p
NAV per share	147.36p
Premium	-
Discount	-2.96%
Capital	202,775,000 shares of 5p

#### Assets & Gearing <sup>1</sup>

Total Net Assets	£298.8m
AIC Gearing Ratio	6.00%
AIC Net Cash Ratio	0.00%

#### Historic Yield (%)

**2.73**

#### Dividends (p/share)

February 2018 (paid)	1.80
August 2017 (paid)	2.10
February 2017 (paid)	1.60
August 2016 (paid)	1.95

#### Benchmark <sup>4</sup>

MSCI World Financials + Real Estate Index

#### Fees <sup>2,3</sup>

Management	0.85%
Performance	10%
Ongoing Charges	1.02%

#### 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

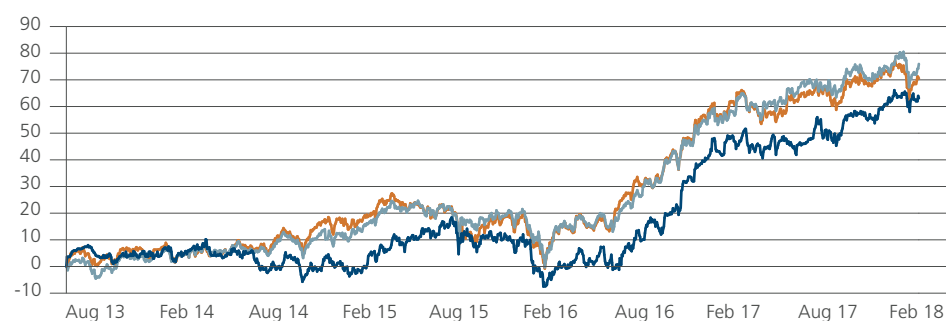
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

### 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) <sup>5</sup>	-1.49	4.75	8.48	13.19	63.11
■ NAV (undiluted per Share) (TR)	-0.82	3.16	3.66	10.76	75.96
■ Benchmark <sup>4</sup>	-1.01	1.04	2.89	5.87	70.50

### Discrete Performance (%)

	30/11/17 28/02/18	30/11/16 30/11/17	30/11/15 30/11/16	28/11/14 30/11/15	29/11/13 28/11/14
Ordinary Share Price (TR) <sup>5</sup>	4.75	16.66	21.43	6.22	-2.14
NAV per Share (TR)	3.16	16.40	22.17	5.23	9.86
Benchmark <sup>4</sup>	1.04	14.20	24.47	0.88	10.98

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.

- Gearing calculations are exclusive of current year revenue.
- The performance fee is on any outperformance over a hurdle of the index +1.25 pence per annum. Further details can be found in the Report and Accounts and Prospectus.
- Ongoing charges calculated at the latest published year end date, excluding any performance fees.
- As of August 2016, the MSCI removed Real Estate as a constituent from the MSCI World Financials Index. Benchmark data above illustrates linked performance of the MSCI World Financials Index prior to August 2016 and MSCI World Financials + Real Estate Index since August 2016 to present.
- Ordinary share price (TR) does not take into account returns shareholders would have received from the subscription shares that they were issued with at launch. Please note that the subscription shares issued at the time of launch were subject to a single exercise date being 31 July 2017.

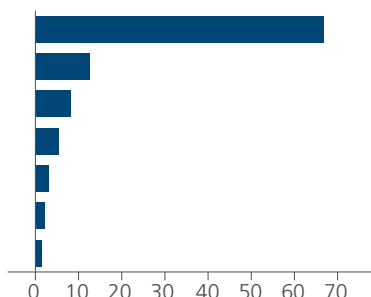
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 28 February 2018

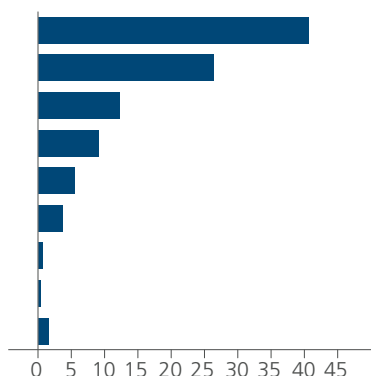
### Sector Exposure (%)

Banks	66.8
Insurance	12.6
Diversified Financials	8.3
Fixed Income	5.5
Real Estate	3.0
Software & Services	2.2
Cash	1.5



### Geographic Exposure (%)

North America	40.7
Europe	26.4
Asia Pac (ex-Japan)	12.2
UK	9.1
Fixed Income	5.5
Japan	3.6
Latin America	0.6
Eastern Europe	0.4
Cash	1.5



### Top 15 Holdings (%)

JPMorgan	5.0
Bank of America	4.3
ING Groep	3.3
Wells Fargo	3.3
BNP Paribas	3.0
Citigroup	2.7
Chubb	2.6
Sumitomo Mitsui Financial	2.5
KBC Groep	2.4
PNC	2.3
Mastercard	2.2
KeyCorp	2.1
Sampo	2.0
Marsh & McLennan	2.0
Toronto-Dominion	1.9

**Total 41.6**

**Total Number of Positions 68**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	82.3
Medium (US\$ 0.5bn - 5bn)	15.1
Small (less than US\$ 0.5bn)	2.6

## 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 2018
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.polarcapitalglobalfinancialtrust.co.uk](http://www.polarcapitalglobalfinancialtrust.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](http://www.shareview.co.uk)

### Codes

#### Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

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 28 February 2018

The Trust's net asset value fell by 0.8% in February as equity markets sold off following concerns that rising inflation would prompt the Federal Reserve to accelerate the pace of interest rate hikes, with ten-year US treasuries hitting a four-year high. The sell-off was exacerbated by the collapse of a number of structured products that sold volatility. Against this background, financials outperformed underlying equity markets over the month with our benchmark index, the MSCI World Financials + Real Estate Index falling by 1.0% (in GBP terms).

US economic data released in the month increased expectations of more aggressive rate-hiking by the Federal Reserve with January job payroll numbers and wage growth coming ahead of consensus and pointing to a tightening labour market. Fed Governor Powell's relatively upbeat assessment of the economic outlook gave further credence to this view. As a result, US banks were the biggest contributors to performance over the month.

European financials were weaker over the month, albeit slightly offset by sterling weakness against the euro with the Trust's holding in ING Groep being the largest drag on performance. Full-year results for European banks have continued to highlight the headwinds to revenues from a low interest rate environment, as well as weaker trading income on the back of lower volatility, although management teams have guided for a material improvement for the first-quarter of the year.

However, capital return through both dividends and buybacks have either met or exceeded expectations, with managements more willing to guide on the use of surplus capital now that regulatory requirements have been clarified following the finalisation of Basel IV framework. In this instance, DNB, UBS Group and Lloyds Banking Group are three of the latest banks to announce buybacks and we expect this trend to continue.

Asian financials were weak over the month led by sharp falls in Chinese and Indian financials. Sentiment towards the region was affected by the strengthening US Dollar with the prospect for a faster pace of US interest rate hikes as well as weaker than expected China PMI data. Indian financials were affected by the uncovering of a major fraud at Punjab National Bank (the Trust has no exposure to state banks in India) as well as new regulations outlined by the Reserve Bank of India which will accelerate the recognition of losses and associated provisioning.

Our holdings in Business Development Companies (BDCs) have been flat to slightly weaker in the last couple of months underperforming the US equity market and suffering from the weaker sentiment towards the US high yield market. As yet though, we have not seen any deterioration in credit quality in the ones we own. While this cannot last, recent share price weakness looks anomalous. Credit markets sold off at the beginning of February, but it was very short lived and muted.

During the month, we sold our holding in Yes Bank, an Indian bank, and Sbanken, a Norwegian digital bank. Other activity during the month included participating in the IPO of IntegraFin Holdings, which owns Transact, a UK investment platform for financial advisers. The business has benefited from the increased ISA allowance and removal of requirements for individuals to buy an annuity with their pension pot resulting in much stronger inflows to the platform.

At the time of writing, the good news resulting from the agreement of the formation of a coalition government in Germany has been offset by the results of Italian elections which have led to further uncertainty. Added to the continued uncertainty about progress of Brexit talks between the UK government and European Commission and the surprise announcement of tariffs on the import of steel and aluminium into the US by the US president and risk of retaliation, these events will likely to take some of the momentum out of equity markets in the short term.

In any normal sell-off, financials would be expected to underperform but, in the sell-off at the beginning of February, they surprisingly outperformed. This may well reflect that the sector is now a sufficient net beneficiary of flows against a background of rising interest rates, which was seen as the catalyst for the sell-off and sufficient for them to perform better, despite the volatility. Real estate stocks fell sharply in February, as illustrated by the MSCI World Real Estate NTR Index which fell 4.1% (in GBP terms), which would support this thesis, as they are seen as negatively impacted by rising interest rates.

Looking forward, we expect that the outlook for interest rates will remain the key driver of the sector's relative performance in the medium term. Despite this, there remain attractive fundamental reasons to own financials which are benefiting from increasing capital return, lower balance sheet risk and more regulatory certainty, with the US likely to see regulation reined in over the next couple of years. If and when interest rates in Europe and Japan start to normalise, there remains significant upside to bank share prices.

**Nick Brind & John Yakas**

8 March 2018

### Fund Managers



**Nick Brind**  
Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 23 years of industry experience.



**John Yakas**  
Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 29 years of industry experience.

# Polar Capital Global Financials Trust plc

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