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Polar Capital Global Financials Tst
06 February 2020

This announcement has been determined to contain inside information for the purposes of the Market Abuse Regulation (EU) No.596/2014.

Polar Capital Global Financials Trust plc (the "Company")

Legal Entity Identifier: 549300G5SWN8EP2P4U41

6 February 2020

Future of the Company

Further to the Company's announcement of 26 November 2019, the Chairman, accompanied by the Company's corporate broker, Investec Bank plc, has now conducted a number of meetings with major shareholders to discuss the future of the Company.

A majority of these shareholders expressed a desire to maintain an exposure to the Company's investment strategy beyond the end of the current seven-year fixed life in May 2020. Accordingly, the Board of Directors is pleased to announce details of its proposals for the future of the Company. Subject to the approval of shareholders and to obtaining the relevant regulatory approvals, the Company intends to implement the following proposals:

- **Investment Strategy:** the overall investment strategy will remain unchanged and the Company will continue to seek to achieve its objective by investing primarily in a global portfolio of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors;
- **Structure:** the Company will continue to operate as an investment trust with an independent board and third party investment manager. The Company's current seven-year fixed life structure will be adapted to instead offer a five-yearly tender offer to all shareholders and the Company's Articles of Association will be amended so that the existing commitment to wind up the Company by no later than 31 May 2020 will be deleted;

- **Benchmark:** the Company's current Benchmark is the MSCI World Financials + Real Estate Net Total Return Index (in Sterling with dividends reinvested). Given the Company's level of portfolio exposure to Emerging Market financials equities and its limited portfolio exposure to real estate equities, the benchmark will be changed to the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested);
- **Fees:** the increased industry focus on cost reduction was a key theme in the shareholder meetings. In light of this feedback, the Board has agreed with Polar Capital a reduction in the annual management fee, currently 0.85 per cent. of the lower of the Company's market capitalisation and its NAV, to an annual rate of 0.70 per cent. of the Company's NAV. In addition, going forward, the performance fee will be subject to an increased hurdle rate, with further details to be provided in the forthcoming circular;
- **Dividend policy:** the dividend policy will remain unchanged, with the Company continuing to target a policy of dividend growth;
- **Gearing:** the Company will continue to employ cautious levels of borrowing from time to time with the aim of enhancing returns, subject to an increased overall maximum of 20 per cent. (as opposed to the current 15 per cent.) of the NAV at the time at which the relevant borrowing is taken out;
- **Liquidity Management:** the Board continues to believe in the investment manager's strategy and remains optimistic about the outlook for the global financials sector. Consequently, ordinary shares bought back under the forthcoming tender offer (as described further below) and any shares subsequently bought back by the Company will be placed into treasury and, in the event of the Company's shares trading at a sustained premium to NAV over a reasonable period of time, the Board will proactively seek to re-issue these shares into the market;

The Company believes that the opportunity for shareholders to tender their shares every five years will act as a meaningful support to the share rating going forward. In addition, the Board intends to adopt a proactive approach to providing liquidity in the Company's shares by using the share buyback authority on an ad hoc basis. As a result of these measures, the Board would expect that, in normal market circumstances, the shares will trade at an average discount to NAV of no wider than approximately 5 per cent. over the longer term. Full details of the Company's future approach to liquidity management will be disclosed in the forthcoming circular;

- **Tender Offer:** in light of the proposed change to the Company's structure, a tender offer will be made to all shareholders who do not wish to continue their

investment in the Company, at the prevailing NAV per ordinary share less costs and other appropriate adjustments (such costs and adjustments expected to be no greater than 100 bps in aggregate); and

- **Size:** the above proposals will be conditional on the size of the Company's net assets immediately following the tender offer. Should the outcome result in a size which, in the Board's opinion, is too small to sustain, the Board will put forward proposals for the liquidation of the Company together with the option of an appropriate rollover vehicle for those shareholders wishing to maintain exposure to the asset class.

It is expected that a shareholder circular setting out the full details of the proposals (including the terms of the tender offer and the proposed changes to the Company's Articles of Association) and convening a shareholder meeting will be published in early March; and subject to obtaining shareholder approvals and the relevant regulatory approvals, the tender offer is expected to complete in mid to late April.

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