Polar Capital Global Financials Trust plc

Trust Fact Sheet

31 July 2019

Trust Facts

Ordinary Shares

Share Price	142.85p
NAV per share	151.40p
Premium	-
Discount	-5.64%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£307.0m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	0.39%

Historic Yield (%)[2] **3.01**

Dividends (p/share)

July 2019 (declared)	2.40
February 2019 (paid)	1.90
July 2018 (paid)	2.25
February 2018 (paid)	1.80

Benchmark [3]

MSCI World Financials + Real Estate Net Total Return Index

Fees [4,5]

Management	0.85%
Performance	10%
Ongoing Charges	0.99%

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

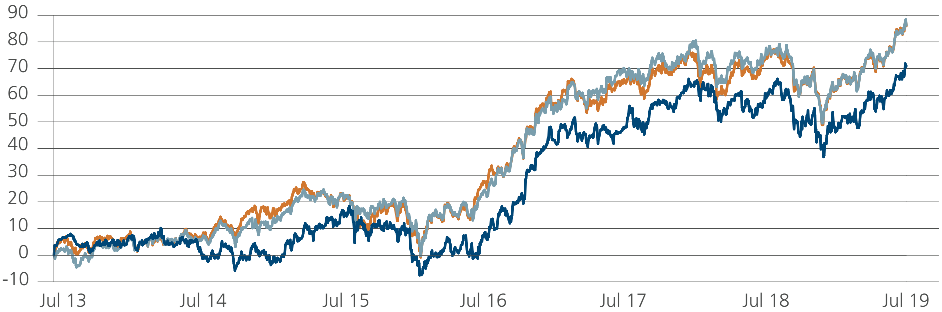
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

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 month	YTD	1 year	3 years	5 years	Since Launch
Ordinary Share Price (TR) [6]	4.12	6.02	20.36	7.63	60.49	72.49	71.00
NAV per Share (TR)	4.27	5.87	20.32	4.78	50.76	76.24	86.24
Benchmark [3]	4.30	6.36	20.38	6.78	46.11	73.34	85.95

Discrete Performance (%)

	30.11.18 31.07.19	30.11.17 30.11.18	30.11.16 30.11.17	28.11.15 30.11.16	29.11.14 28.11.15
Ordinary Share Price (TR) [6]	11.70	-1.69	16.66	21.43	6.21
NAV per Share (TR)	10.96	-1.60	16.40	22.17	5.23
Benchmark [3]	10.33	-0.12	14.20	24.47	0.88

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. Gearing calculations are exclusive of current year revenue.
2. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the share price, as at the date of this fact sheet. It does not include any initial charge and investors may be subject to tax on their distributions.
3. 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 Net Total Return Index since August 2016 to present.
4. 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.
5. Ongoing charges calculated at the latest published year end date, excluding any performance fees.
6. Ordinary share price (TR), calculated by reinvesting dividends at relevant ex-dividend dates, 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.

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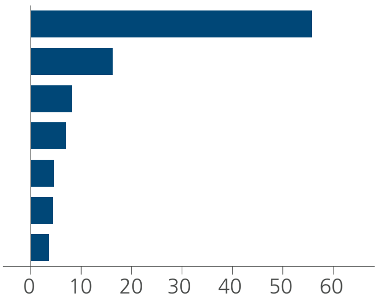
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 July 2019

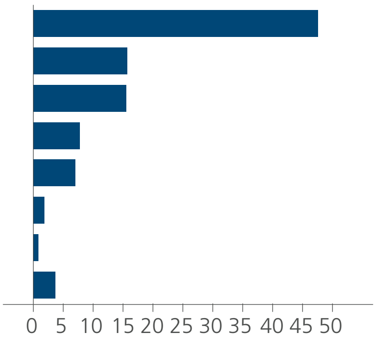
Sector Exposure (%)

Banks	55.8
Insurance	16.2
Diversified Financials	8.2
Fixed Income	7.0
Real Estate	4.6
Software & Services	4.4
Cash	3.7



Geographic Exposure (%)

North America	47.6
Europe	15.7
Asia Pacific (ex-Japan)	15.5
UK	7.8
Fixed Income	7.0
Japan	1.9
Eastern Europe	0.8
Cash	3.7



Top 15 Holdings (%)

JPMorgan	5.7
Bank of America	4.0
Mastercard	3.5
Chubb	3.4
Arch Capital	2.9
Citizens Financial Group	2.4
Toronto-Dominion	2.3
Marsh & McLennan	2.3
AIA Group	2.3
US Bancorp	2.2
Wells Fargo	2.1
PNC	2.1
Citigroup	2.0
Blackstone Group	2.0
Sumitomo Mitsui Financial	1.9
Total	**41.1**

Total Number of Positions **67**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	80.4
Medium (US$ 0.5bn - 5bn)	16.2
Small (less than US$ 0.5bn)	3.4

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	Late April
Trust Term	Fixed life to May 2020
Listed	London Stock Exchange

Market Purchases

The ordinary 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

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 31 July 2019

While equity markets were broadly flat during the month after taking into account sterling weakness, the Trust's NAV was up sharply. Against our benchmark index, performance was in line during the month with support from specialist financial stocks (such as Arrow Global Group and Blackstone Group) and emerging market holdings offset by an underweight position in US real estate and a weaker performance by European holdings (Sampo, TBC Bank Group). We are also in the middle of the critical bank results season (US results have nearly completed while European and emerging market banks are only starting their results season) and broadly there have been few upsets. The themes of limited loan growth, good asset quality and mixed non-interest revenues continue as before.

Specifically, in terms of the US bank results season the key trend was the fall in net interest margins as the expectation of interest rate cuts impacted assets priced off market-driven rates (and there was the usual lag in terms of deposit pricing moving downwards). We were surprised at the severity of the falls in some cases since interest rate cuts only started on the final day of the month but more encouragingly much of the bad news is probably already included in bank share prices and there are growing expectations for a shallow interest rate cycle. Loan growth remained tepid although there were always exceptions and our portfolio of US banks generally grows at a faster than average pace in view of the bias to smaller and medium-sized banks. Asset quality remains pristine and profitability high which underpins the high payout levels. Cost structures are also under control and some perennial laggards (such as Citigroup) showed an improving performance on this issue. Overall, we would argue the US bank sector is in good shape and believe valuations remain attractive.

Though it remains small, a growing part of the portfolio is in Asian emerging markets and we thought an update might be helpful following recent visits to the region. Historically, our exposure has been biased to India but a weaker macro environment coupled with pressures on asset quality has meant a reduced exposure in recent months (although should the high current valuations continue to fall we expect to increase our exposure). Consequently our exposure to the region is highly diversified through ownership of strong and high quality, local, private sector banks (such as HDFC Bank in India, Bank Central Asia in Indonesia, E.Sun Financial in Taiwan and a new addition of Bank of the Philippine Islands) and regional players (such as AIA Group and Standard Chartered). Financial services is a growth business in many of these markets as wealth and the middle class continue to expand and governments promote greater financial enfranchisement (surprisingly many people still do not even have a bank account). The sector is dominated by the banking sector which often controls the insurance sector but there are numerous smaller finance companies focusing on the high growth retail segment (eg auto loans). We are regular visitors to the region and are familiar with the names and managements there. Our low exposure today is more a reflection of the strong outperformance of the US financial sector rather than an unwillingness on our part to invest in the region. Currency movements are more critical in any assessment and generally those countries running current account deficits (India and Indonesia) experience the greatest pressure during periods of strong US dollar performance but, as with many long-term mantras about investing, current conditions do not always reflect past experience.

During the month we visited the Philippines and have also started a position in one of its leading commercial banks, Bank of the Philippine Islands. We are very familiar with the country (over 20 years of visiting managements there) and in recent years the macro environment has been one of the strongest in the region. GDP growth has slowed from the 6.7% seen in 2017 but it still remains very respectable from a regional perspective and strong by longer-term standards (approximately 6% growth is expected). A populist President has often provided the wrong sort of headlines, but recent elections have allowed him to pass the budget through Congress and also focus on increased infrastructure spending in the second half. A visit to Manila only serves to reinforce the desperate need for infrastructure upgrades (even though the capital's infrastructure is materially better than elsewhere in the country). Added to this, the central bank has the levers of further cuts in reserve requirements and interest rates to maintain the macro momentum and ease some of the liquidity pressures seen earlier in the year. Bank of the Philippine Islands is part of the well managed Ayala Group of companies and we would regard it as one of the best managed banks in the country with a strong position in retail banking. The banking sector has benefited from rising margins (with a structural change in loan mix from commercial to retail supporting this), steady growth (10-12% loan growth), stable asset quality and very strong capital levels set by a cautious regulator (which serve to depress RoEs and so mask true profitability).

One of the best performing holdings in our portfolio has been E.Sun Financial in Taiwan, a private commercial bank with a strong position in wealth management and a well regarded management team. We also visited the island during the month. Though Taiwan is a leading exporter, the overall macro environment remains resilient (GDP growth in the 2-2.5% range) and the currency is less buffeted by regional worries in view of the huge current account surplus enjoyed over many years. The latter has resulted in large overseas investments and the government is trying to lure funds back with various tax incentives. There is regular political noise regarding the relationship with China (and upcoming elections in Taiwan will increase the pressures from China, most recently seen with tourist restrictions) but on the ground there is greater pragmatism regarding business interests. Our overall impression from the visit was that the financial sector is relatively calm with stable margins, 5-6% loan growth and low non-performing loans. Valuations are not high but this should be offset by profitability levels which are at the lower end of what we see in Asia (but perfectly reasonable from a global perspective). Many financial stocks also have attractive dividends and characteristics which are more akin to developed markets even though the country is classified as an emerging market.

Investors in the financial sector are often fixated with the trends seen in their home banking market (in our case the UK) while in reality, other than the US, the Trust has a very diversified exposure with many countries seeing much better trends than those seen in the home market. This helps explain why the Trust has materially outperformed the UK banks during its life and we expect it to continue to do so. What this past month has shown is that the critical US banking sector is in good health while in this month we have tried to highlight the breadth of opportunities in the sector globally. Do not get too hung up about the gloom surrounding UK and European banks since they are not representative of this portfolio and sentiment to even these areas could turn quickly (potentially helped by early indications of a better results season).

Nick Brind & John Yakas

2 August 2019

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 25 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 31 years of industry experience.

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Benchmarks

The following benchmark index is used: MSCI World Financials + Real Estate Net Total Return Index. This benchmark is generally considered to be representative of the Financial Equity universe. This benchmarks is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is 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. The benchmark used to calculate the performance fee is provided by an administrator on the 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.

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