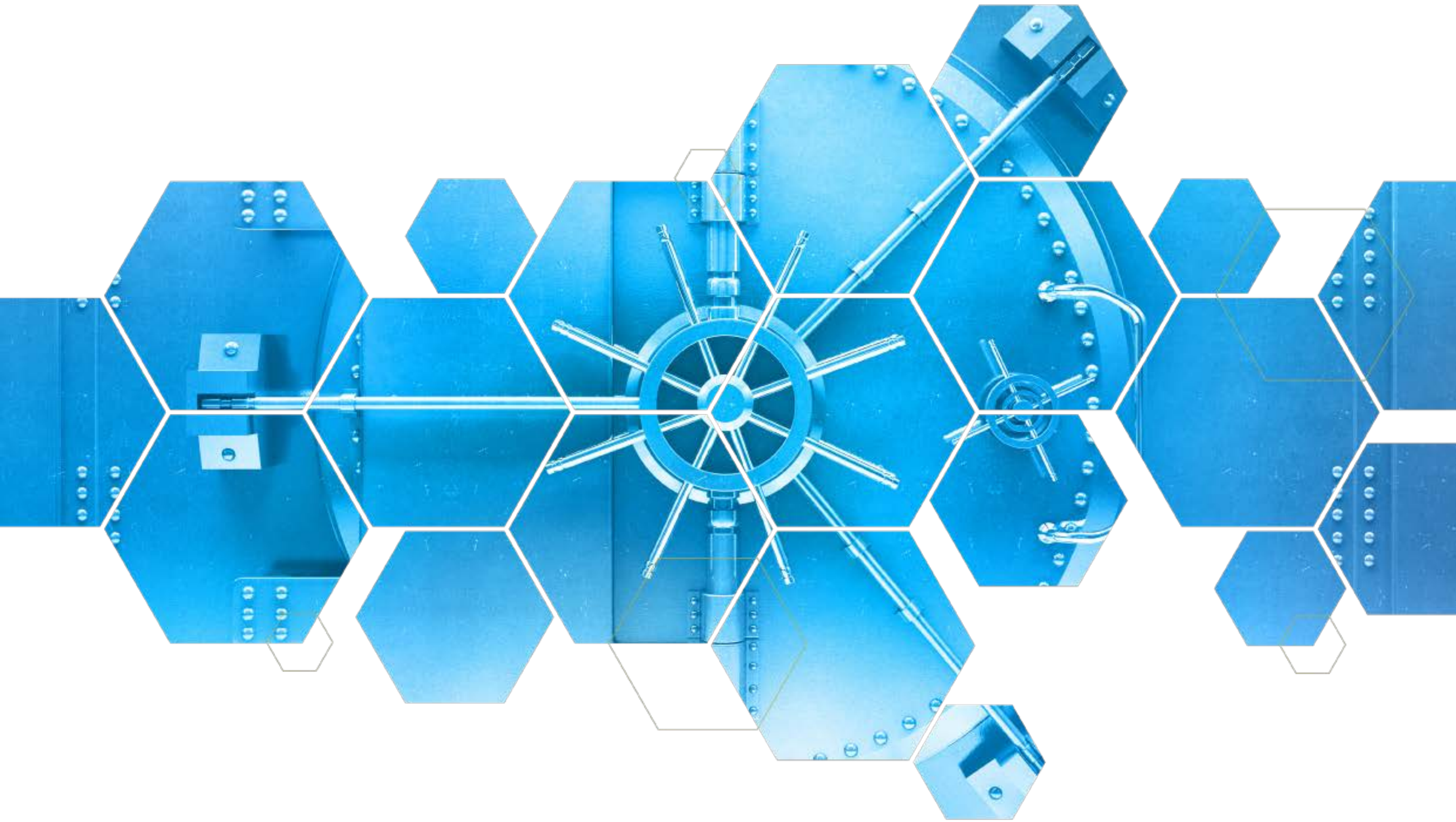
Polar Capital Global Financials Trust plc

Half Year Report for the six months ended to 31 May 2022



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Company Information

History
The Company was launched in July 2013 with a fixed seven-year life. Shareholders approved changes to the Company's Articles of Association to make a tender offer to all shareholders and to extend the Company's life indefinitely at the Company's General Meeting held on 7 April 2020 ("the Reconstruction"). The new Articles of Association removed the fixed life and now require the Company to make tender offers at five-yearly intervals, with the first to commence on or before 30 June 2025.

Capital Structure
As at 31 May 2022, the Company had 331,750,000 ordinary shares of 5 pence each in issue, of which 225,000 shares were held in treasury (2021: 202,775,000 ordinary shares of 5 pence each in issue of which 79,724,900 were held in treasury). Following the period end, a further 230,000 ordinary shares were repurchased into treasury. Following these share repurchases, the total number of ordinary shares in issue was 331,295,000 and 455,000 shares were held in treasury as at 29 June 2022.

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

Investment Policy
The Company seeks 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 subsectors. The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation. Full details of the investment policy are set out in the Annual Report.

Benchmark
In April 2020, following the reconstruction of the Company, the benchmark was changed to the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested) in recognition of the Company's level of portfolio exposure to emerging market financials equities and its limited portfolio exposure to real estate equities. Prior to this, the Company was benchmarked against the MSCI World Financials + Real Estate Net Total Return Index.

Gearing and Use of Derivatives
Under the Articles of Association the Company may utilise an overall maximum leverage limit of 20 per cent. of NAV at the time at which the relevant borrowing is taken out or increased.

In July 2021, the Company entered into a new agreement with RBS International for a one-year revolving credit facility ("RCF") in the amount of £40m and a one-year term loan facility of £20m. At the period end, £35m in sterling and £16.2m in US dollars had been drawn down. Since the period end, the Company has agreed to enter into replacement arrangements with RBS, when the current facilities expire, for a three-year revolving credit facility in the amount of £50m, and a term loan of £30m.

Management Fees
The Company operates as an investment trust with an independent Board and third-party investment manager.

The Investment Manager and AIFM is Polar Capital LLP and the portfolio has been jointly managed by Mr Nick Brind and Mr John Yakas since launch on 1 July 2013. With effect from 1 December 2020, Mr George Barrow was also appointed as Co-Fund Manager with Mr Brind and Mr Yakas.

Details of the fees payable to the Investment Manager are set out in the Annual Report. The Management Fee is charged 80% to capital and 20% to revenue; the Performance Fee, when payable, is charged 100% to capital.

Financial Highlights

Performance (Sterling total return)	For six months ended 31 May 2022 %	Since Inception %
Net asset value (NAV) per Ordinary share (1)~	-2.2	116.8
Ordinary share price (2)~	-10.3	119.5
Ordinary share price including subscription share value (3)~	-	122.2
Benchmark (Sterling total return) (4)		
MSCI ACWI Financials	1.7	117.2
Chain-linked benchmark	1.7	123.8
Other Indices and peer group (Sterling total return)		
MSCI World Index	-4.6	174.1
FTSE All Share Index	6.2	72.9
Lipper Financial Sector (5)	-3.1	93.8

Performance since the Reconstruction on 22 April 2020 (Sterling total return)	Since Reconstruction %
Net asset value per Ordinary share (6)~	66.6
Benchmark (4)	59.3

Financials	**As at 31 May 2022**	As at 31 May 2022	As at 30 November 2021	% Change Six months to 31 May 2022
Total net assets	£536,411,000	£283,982,000	£457,247,000	+17.3
Net assets per Ordinary share	161.8p	162.4p	167.5p	-3.4
Ordinary share price	152.6p	167.0p	172.0p	-11.3
(Discount)/ premium per Ordinary share~	(5.7%)	2.8%	2.7%	
Net gearing~	3.7%	9.3%	5.2%	
Ordinary shares in issue (excluding those held in treasury)	331,525,000	174,850,000	272,980,000	+21.4
Ordinary shares held in treasury	225,000	27,925,000	6,350,000	-96.5

	Six months to 31 May 2022	Six months to 31 May 2021	Year to 30 November 2021
Earnings/(loss) per Ordinary share (7):			
Revenue Return	2.98p	2.15p	4.42p
Capital Return	(8.17p)	25.51p	24.57p
Total	(5.19p)	27.66p	28.99p

Dividends*

First interim	**2.40p**	2.40p	2.40p	-
Second interim	**–**	–	2.00p	-
Total	**2.40p**	2.40p	4.40p	-

* The Company declares dividends in respect of a financial year in or around July and January for payment at the end of the following August and February. The first interim dividend for the year ending 30 November 2022 was declared on 1 July 2022 and will be paid on 31 August 2022 to shareholders on the register on 5 August 2022. The shares will go ex-dividend on 4 August 2022. The second interim dividend will be declared in or around December 2022 for payment in February 2023.

Note 1 The total return NAV performance for the period is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Performance since inception has been calculated from the initial NAV of 98p and the NAV on 31 May 2022. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Company's benchmark and other indices.

Note 2 The total return share price performance is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date. Performance since inception has been calculated using the launch price of 100p to the closing price on 31 May 2022.

Note 3 The total return share price performance since inception includes the value of the subscription shares issued free of payment at launch on the basis of one for every five Ordinary shares and assumes such were held throughout the period from launch to the final conversion date of 31 July 2017. Performance is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date and uses the launch price of 100p per Ordinary share and the closing price per Ordinary share on 31 May 2022.

Note 4 The benchmark changed on 23 April 2020 to MSCI ACWI Financials Net Total Return Index (in Sterling) due to the Company's exposure to Emerging market financials equities and its limited exposure to real estate equities. Prior to this the Company's benchmark was MSCI World Financials + Real Estate Net Total Return Index. Preceding 31 August 2016, the Company's benchmark was the MSCI World Financials Index, which included Real Estate as a constituent until its removal that year. The benchmark performance above illustrates linked performance of these benchmarks.

Note 5 Dynamic average of open ended funds in the Lipper Financial Sector Universe which comprised 42 open ended funds in the period under review.

Note 6 The total return NAV performance since the Reconstruction is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. The new performance fee period runs from the date of the Reconstruction. The opening NAV for the performance fee of 102.8p is the closing NAV the day before the tender offer was completed.

Note 7 Refer to Note 3 of the notes to the Financial Statements below for more details.

~See Alternative Performance Measure below.
Data sourced by HSBC Securities Services Limited, Polar Capital LLP, MSCI and Lipper.

For further information please contact:

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Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to provide you with the Company's Half Year Report for the six months to 31 May 2022.

For most of the period under review, the environment for the financial sector and the Company's share price continued in the same vein as in the previous financial year. Net Asset Value (NAV) touched all time highs in January and February, the Company's shares continued to trade at a persistent and stable premium to NAV, and strong interest in the sector and demand for the Company's stock was met by regular significant sales of Company stock, both in the form of re-issued shares held in Treasury and new shares issued under various authorities available to the Company.

However, Russia's violation of Ukraine's borders in late February coincided with a growing concern that the era of extraordinary monetary easing and low interest rates was not only coming to an end but would be reversed in the face of inflation rates not seen in more than a generation. As a result, the period ended with poor sentiment in markets generally, which led to the Company's share price trading at a discount to its NAV, such that the Board undertook occasional buybacks of Company stock in order to help balance supply and demand from investors.

Since the tender and reconstruction in April 2020, markets have faced the threat from a global pandemic, a war on Europe's borders, a profound monetary policy U-turn and now a fear of an impending global economic malfunction. Against this unsettling backdrop, the Company has seen its market cap rise from £123 million to £506 million, its investment performance exceed that of its benchmark, and has been able to maintain its dividend.

Performance

For the six-month period to 31 May 2022 the Ordinary Share NAV total return performance was -2.2% compared to an increase of 1.7% in the Company's benchmark (MSCI ACWI Financials Net Total Return Index in sterling) over the same period. Since the Company's reconstruction on 22 April 2020 to the end of the period under review, the NAV total return per Ordinary Share has been 66.6% compared to the benchmark performance of 59.3%.

As described in the Investment Manager's report, the market environment in the first half of the Company's financial year was highly volatile. A background of much higher interest rate rises than expected and a major geo-political conflict is hostile for risk assets generally. Significant market dislocations and indiscriminate selling are typical of such environments, driven by risk reduction rather than value considerations. The outcome on investment performance can therefore be unpredictable and perverse from a longer term perspective. The performance of the portfolio in the first half of the financial year reflected these conditions. Smaller and mid-cap companies typically underperform in a sharp market downturn, and this negatively impacted the portfolio's overweight positioning in previously fast growing small cap US banks. The outbreak of war in Ukraine and the sanctions that followed drove commodity prices sharply higher, but the portfolio's underweight exposure to commodity producing economies meant we did not capture the upside from improving share prices.

Further information on investment performance can be found within the Financial Highlights and the Investment Manager's Report.

Share Issuance and Buybacks

For most of the period under review the Company continued to experience strong demand for its shares, which traded at a stable and persistent premium to the Company's NAV. These trading conditions endured for a while following Russia's invasion of Ukraine in late February. From the end of November 2021 to 14 April 2022, the Company issued a total of 31,994,680 ordinary shares from its treasury account as well as new shares at an average premium to NAV of 1.85%, raising net cash of £56.1m. In addition, 26,775,320 new shares were issued on 1 February 2022 and 25 February 2022 as part of two placings under the Prospectus issued on 12 May 2021, raising an additional £46.0m.

However, by the end of April trading in the Company's shares began to reflect the wider market concerns over high and rising inflation, the reversal of monetary easing and the broader knock-on effects of the war in Ukraine on commodity markets. This general decline in sentiment and risk appetite impacted the Company's shares, and during May these began trading at a discount to NAV. In accordance with the Board's commitment to provide liquidity in the Company's shares, the Board stepped into the market during the month of May 2022 on five occasions to buy back shares. By 31 May 2022, a total of 225,000 shares had been bought at an average discount to the live NAV at the time of transaction of 6.8%. These shares were placed into treasury for re-issuance at a later date.

Since the period end to 29 June 2022, the latest practicable date, the Company has bought back a further 230,000 shares at an average discount to the live NAV at the time of transaction of 8.7%. These have also been placed into treasury.

Board Succession

As reported in the last Annual Report, phase one of our succession plans to refresh the Board concluded in November 2021 with the appointment of Cecilia McAnulty as Audit Committee Chair to replace Joanne Elliot when she came to the end of her nine-year tenure on the Board in April 2022. The Board is now progressing with phase two of its succession plans to appoint a non-executive director to replace Katrina Hart, who has also reached her nine-year tenure on the Board. It is anticipated that this recruitment process will be concluded in Q4 2022.

Dividends

The Company has an income and growth mandate and the Board continues to be aware of the importance of income to some shareholders as part of their total return. The Company's dividend policy and aim with respect to the Ordinary Shares is to pay two interim dividends each year, in February and August. These interim dividends will not necessarily be of equal amounts. The ability to continue the Company's dividend policy may be compromised due to lower income receipts from our Portfolio, either as a result of changes in the policies of investee companies, changes in the composition of the Portfolio, regulatory intervention, or as a result of the currency exposure underlying the Portfolio, all of which could result in a lower level of dividend being paid than intended or previously paid.

While the Board recognises that the economic outlook has recently deteriorated, the Board has declared a first interim dividend for the current financial year of 2.4p per share, the same level as in the previous financial year. The first interim dividend will be payable on 31 August 2022 to shareholders on the register on 5 August 2022. The Board is able to maintain the dividend level following careful management of distributable reserves and the improvement in the income generation of the underlying portfolio following the economic recovery from the COVID slowdown.

As explained in my statement within the last Annual Report, where income has been received into the capital account as a result of shares re-issued from the treasury account or from new share issuance, the Board may choose to apply this bought income in the capital reserves to fund all or part of the dividend. In this regard, £162,000 of the capital reserves will be utilised to part-fund the first interim dividend of the financial year ended 30 November 2022.

Gearing

Under the Articles of Association the Company may utilise an overall maximum leverage limit of 20 per cent. of NAV at the time at which the relevant borrowing is taken out or increased. We are therefore taking the opportunity to increase our borrowings to ensure the gearing level is maintained across the full portfolio. It is therefore anticipated that on expiry of the current facilities (£60m in aggregate) in July 2022, new facilities will be put in place for up to £80m of borrowings in aggregate. As at 29 June 2022, the latest practicable date, the portfolio was 2.76% geared.

Outlook

The difficulties policy makers will face in containing acute inflationary pressures, aggravated by the geopolitical fallout of the war in Ukraine, will overhang sentiment in capital markets into the second half of the Company's financial year.

A growing consensus has emerged, even among central bankers themselves, that the major central banks have been caught out by keeping easy money too excessive for too long. Now they must race to catch up, restoring financial conditions to 'equilibrium' to contain demand-driven inflation at the same time as supply shocks are driving global prices inexorably higher across a wide range of commodity and goods markets.

At the time of writing markets are adjusting from the 'inflation is transitory' mantra first touted by central bankers to the rude awakening that not only is the two decades-long era of limitless cheap liquidity over, but that it will be reversed. These are challenging waters for policymakers to navigate as market participants debate whether the result will be a significant slowdown in activity at best or stagflation/global recession at worst**.** As QE evolves into QT (Quantitative Tightening)**,** the shape of major market yield curves suggests that the risk of recession is beginning to be priced into asset values.

At the heart of the economic system, the financial sector is not immune to the deterioration in sentiment and the remarking of asset values. However, in contrast to the global financial crisis, this time banks, and financials more generally, are not leading but following the broader trends in capital markets.

Banks specifically are in a much stronger position to withstand financial and economic headwinds than at any time since the global financial crisis. They have deleveraged significantly, cleaned up balance sheets, strengthened capital resources and improved operational efficiency. Furthermore, given the low/negative interest rate environment of the past few years, banks stand to see the benefit of higher official interest rates flow straight through to the bottom line.

In the meantime, financials, traditionally placed in the 'cyclical' group of sectors, will not be immune to the negative sentiment around the deterioration in the economic outlook. However, when the dust settles on this market adjustment and the resilience of banks in particular to the latest economic disruption becomes apparent, the lower valuations currently being experienced will become, in the view of the Board, very attractive once again. The Manager, having taken defensive measures by reducing gearing and switching to more defensive stocks such as insurance companies, is well positioned to exploit the opportunities that significant market dislocations present.

Robert Kyprianou

Chairman
30 June 2022

Investment Manager's Report

Financial markets fell sharply over the period under review as the impact of rising interest rates, further lockdowns in China and Russia's invasion of Ukraine hit sentiment and more than offset improving corporate earnings.

Of major markets, the Australian and Canadian equity markets saw the strongest performance helped by the strength in their currencies while European equity markets also performed well despite their proximity to the war. In contrast the US equity market was very weak before taking into account the impact of US dollar strength, which benefited sterling investors.

Government bonds fell as the Federal Reserve, European Central Bank and other central banks indicated that interest rates would rise more quickly than previously expected. However, concern about the impact on the outlook for growth resulted in the US 2-10 year yield curve (which has been a good but imperfect indicator of recessions) briefly inverting.

Against this background the Trust's net asset value fell 2.2%, while our benchmark index rose 1.7%; our preference for higher quality companies, offering good growth at attractive valuations, lagged the wider sector's performance In comparison, global equity markets as illustrated by the MSCI ACWI Index fell 4.6% while the Lipper open-ended peer group of financial equity sector funds fell 3.1%.

The Trust's large overweight holding in faster-growing, smaller US banks was a big headwind to performance. For example, the value of our holdings in both SVB Financial Group and Signature Bank fell more than 25% over the period. PayPal Holdings was also a big drag on performance. Underweight exposure to commodity exporting countries such as Australia, Canada, Saudi Arabia, Brazil and South Africa, which benefited from the jump in energy prices, also impacted performance.

Markets

While markets initially rallied in December 2021 despite concerns around the Omicron variant and growth expectations), the remainder of the period covered by this report was a brutal one for financial markets with 2022 so far proving to be one of the worst ever for both equity and bond markets.

In January, the steep rise in bond yields led initially to a sharp rally in stocks tagged as value and a decline in growth stocks, albeit against a background of falling equity markets. The Financials sector is primarily a value sector, due to low valuation metrics, and therefore, in the main, benefited. However, there are a number of companies within the Financials sector that are deemed growth and consequently trade at high valuations, and these fell sharply.

Against this backdrop, US bank stocks rose sharply before suffering from profit taking. This was despite earnings beating expectations due to stronger loan growth and lower provisioning, partially offset by higher costs. JP Morgan's guidance for increased costs seemed to spook investors, albeit driven primarily by a $3.5bn increase in its technology spend to $15bn for 2022 and weighed on sentiment for the sector, although most banks reiterated unchanged cost guidance.

Nevertheless, in February equity markets took a further fall as the shocking events of Russia's invasion of Ukraine unfolded and a stronger than anticipated international response understandably overshadowed other news., European financials, which had rallied to levels not seen since 2007, were very weak, given the proximity to the war and exposure some banks have to Russia. While European banks have reduced exposure to Russia since the Crimean crisis in 2014 and now have limited direct exposure, selling was fairly indiscriminate across the sector.

As a consequence of sanctions put in place by the US, UK, European and other governments, impacting sentiment as well as the war having a significant impact on commodity prices, the US 2-10 year yield curve inverted in March. However, equity markets bounced sharply to a level above where they had been trading prior to Russia's invasion of Ukraine. This proved short-lived as increasingly hawkish commentary from central banks saw financial markets roll-over again and fall sharply in April, although there was some recovery in May.

Despite Europe's proximity to the war and the greater impact from the rise in energy prices, European financials outperformed US financials over this period. Asian financials also proved to be relatively robust even though China's zero-COVID policy impacted growth in the region. Earnings remained resilient and banks in the region saw the benefit of relaxation in COVID restrictions while commodity exporting countries such as Australia benefited from strength in its currency on top of good share price performance.

Banks and, to a lesser extent, insurance companies, drove the initial strong performance of the sector up until the outbreak of war. But with concerns mounting around the deterioration in the outlook for growth, bank shares started to underperform while insurance companies held up well due to their more defensive characteristics. In addition, this sub-sector benefited from the continued rise in insurance premium rates, as well as a $12bn bid for Alleghany, a US property and casualty insurance company, by Berkshire Hathaway, which lifted share prices.

Diversified financials, where we are underweight the benchmark, covers a broad spectrum of companies from stock exchanges, asset managers and investment banks to information service companies. The subsector performed poorly due to high valuation multiples coming under pressure as well as a number of negative earnings revisions. In particular, asset managers, which had performed extremely well over the last couple of years on the back of rising equity markets and a pick-up in fund flows, suffered some of the sharpest share price falls.

FinTech companies were also extremely weak over the period, primarily due to very high valuations coming under significant pressure and disappointment around earnings, while regulatory concerns impacted the Buy Now Pay Later sector. This also reflected broader weakness in the technology sector, with unprofitable companies the worst affected.

S&P and MSCI, which compile many US and global indices, include FinTech companies within the technology sector, not the financial sector, so any investments in this area are currently off-benchmark and effectively result in us having an overweight position. However, they have announced that they will be moving certain payment companies, notably PayPal Holdings, Visa and MasterCard to the financial sector from the technology sector in 2023. This technical event that could lead to various investors rebalancing their portfolio which may impact these share prices.

Investment Activity

At the beginning of the six-month period under review, the Trust's investment portfolio was positioned in the expectation that growth would remain respectable as economies continued to open up post Covid and rising interest rates and bond yields would be a boost for banks' earnings and therefore share prices. Consequently, the portfolio was overweight banking stocks, notably faster growing, smaller regional banks in the US, which we saw as the biggest beneficiary of this trend.

Gearing had already been reduced to 5.2% at the end of November 2021 from a high of 12.7% in November 2020, reflecting the fact that valuations had risen sharply over the preceding 12 months. With the onset of war in Ukraine, rises in commodity prices and concerns around the impact on growth of rising interest rates, we positioned the portfolio more defensively. As a result, the proportion of the portfolio in banks was reduced from 66.7% to 59.7%, largely through a reduction in our holdings in US and European banks, while exposure to more defensive companies within the sector such as insurance was increased. Gearing over the period was reduced further to 3.7%.

The shift to position the portfolio more defensively was also reflected in individual stock positioning. New holdings were purchased in among others, Visa, Baloise Holding, Intact Financial Corp, Marsh & McLennan and Royal Bank of Canada, while adding to holdings in Berkshire Hathaway, Chubb and Wells Fargo. All of these are seen as more defensive, with insurance companies and Visa being less economically sensitive while the two banks are seen as more defensive when compared to their peers, the former in part due to the resilience of the Canadian economy. We also added to holdings in other commodity driven economies such as Norway, Australia, Indonesia and Malaysia for the same reasons.

Conversely, holdings in JP Morgan, Citizens Financial, UBS Group, Allfunds Group, SVB Financial Group and Signature Bank, all seen as more sensitive to volatility in financial markets, were reduced. Holdings in Intesa Sanpaolo and ING Group, both European banks were sold as the proximity of the war to Europe led us to reduce our European bank exposure in expectation it will have a significant impact on the region. A small holding in TCS Group, a Russian bank, was also sold prior to Russia's invasion of Ukraine.

We have been cautious of investing in unquoted companies in the last few years, in part as valuations appeared very unattractive, but as we also saw better value in listed companies especially with the fall in equity markets during the pandemic. Nevertheless, we did participate in a fund raising for MoneyBox, a UK wealth and saving platform, in February which we believe has exciting potential. Finally, towards the end of the period under review, the back-up in bond yields led us to start making selective purchases of a number of insurance company bonds, albeit our exposure remains extremely low.

Outlook

The performance of equity markets and the sector over the short to medium term will most likely be decided by the outlook for inflation and how central banks react to it. Will their response result in a recession, and if so, how deep will it be? What will its impact be on unemployment and businesses and to what extent will governments provide fiscal stimulus to mitigate the effects?

Inflation has exceeded expectations, fuelled in part by commodity prices. Commodities have continued to rise, exacerbated by the war in Ukraine but also due to persistent supply chain issues with lockdowns in China and staff shortages. If commodity price rises are not tempered by demand or supply responses or if inflation becomes more broad-based and feeds into wage demands, central banks will be forced to respond.

The argument that inflation will subside relatively quickly in 2023 is severalfold. Recent sharp rises in commodity prices are unlikely to continue at the rate they have, supply chain issues are being resolved as economies continue to open up, and rising food and energy prices as well as interest rates rises and withdrawal of liquidity by central banks should quickly dampen demand.

However, if inflation results in higher interest rates, this is a positive for the sector as it leads to wider net interest margins and therefore higher profitability for banks and higher investment income for insurance and life assurance companies. Higher inflation should also mean that loan growth is stronger as businesses have to borrow more money to cover the increased costs of their working capital or capital expenditure. Equally, it should lead to higher insurance premiums to cover the increased cost to repair insured risks.

Higher interest rates are a positive driver of earnings revisions and should underpin the sector going forward. But if inflation continues to prove more durable than current forecasts, we would see this as bad news for financial markets and for the sector. Central banks would have to raise interest rates significantly and potentially hold them at a higher level for longer. Equity markets would likely derate further and, while bank shares outperformed wider equity markets during the 1970s (arguably the most relevant period for comparison), they would not be immune to concerns around the impact on economic growth.

In this vein, the inversion of the US 2-10 year yield curve is a concern as it has been a reasonable predictor of recessions over the last 30 years with a lead time of around 18 months. However, prior to that it had given a number of false signals. Historical data also shows that equity markets on average continue to rise for some time after it inverts, nullifying some of its predictive power. Furthermore, the US 3 month-10 year yield curve has been a much better predictor of recessions. By contrast, it has steepened markedly this year, suggesting that the next recession, when there is one, will be much further out than markets fear.

Nevertheless, the fall in bank and other cyclical stocks reflects the market concern that there will be a recession at some point over the next year. Consequently, the expectation is that banks will have to increase their provisions for potential loan losses, as the outlook for growth worsens, a scenario which is yet to be reflected in analyst forecasts. This view is supported by very weak consumer confidence surveys, as well as anecdotal evidence that lower income households are struggling with rising inflation, which would explain the sharp jump in credit card balances despite strong employment data.

However, so far this is at odds with what banks are seeing from customers. Bank of America highlighted in its first quarter earnings call that average customer deposits were significantly higher than they were pre-pandemic. For example, those Bank of America customers who had between $1,000 and $2,000 in their bank accounts in 2019 today have an average cleared balance of $7,400 and even higher for those with higher balances pre-pandemic.

Other banks have given similarly upbeat prognoses both on their retail and corporate customers who are also holding much higher levels of cash than they did two years ago. For example, Jamie Dimon, CEO and Chairman of JP Morgan, stated at their investor day, “Credit looks really good. We’ve never seen it this good,” before being quoted a few weeks later saying, “You know, I said there’s storm clouds but I’m going to change it…it’s a hurricane.”

Against this conflicting background, banks remain in rude health with strong levels of capital and liquidity, good profitability and a conservative risk appetite where more risk has shifted to capital markets and private credit over the last 10 years. Property & casualty insurers have also benefited from strong rises in insurance premia ahead of claims cost inflation over recent years and are much less economically sensitive due to claims being driven by weather and accident driven events.

While banks and insurance companies remain firmly in the value camp, diversified financials and FinTech companies which can be generalised as growth stocks, have seen a significant derating in their shares and consequently are looking much more attractive. Furthermore, many of these generate very high returns on capital, have extremely durable franchises and long-term structural tailwinds.

Looking forward as to how the sector will perform with these two competing drivers, it is instructive to look at how the sector has performed in the past. Taking data on US banks, which is the largest component of the Trust's portfolio, their relative performance has been highly correlated to US 10-year government bonds since the global financial crisis i.e. banks have outperformed when bond yields have risen, reflecting market expectations for higher growth and/or inflation, and vice versa.

However, in the past few months this relationship has significantly broken down. The only time there was any serious divergence in the past 12 years was at the end of 2018, but on that brief occasion the relative underperformance of bank shares was a better leading indicator than the bond market, as the Federal Reserve had to rein back on raising interest rates and bond yields consequently fell. This time is different.

Going back to before the global financial crisis, the relationship between the relative performance of US bank stocks and bond yields broke down significantly on three occasions namely in 1994, 1999 and 2007. While in 2007 history speaks for itself, on the two other occasions banks went on to significantly outperform over the following three years. In 1995, despite a sharp increase in interest rates in the preceding year, there was a soft landing, while in 2000 it led to the bursting of the TMT bubble and the outperformance of value stocks.

An alternative view is to look at the performance of US banks around recessions. Autonomous, a research firm, calculated pre-pandemic that in the 12 preceding recessions in the US bank stocks had underperformed in the year prior to the recession in eight of the 12 occasions, going on to outperform in the year that a recession started. This makes logical sense as investors sell cyclical companies such as banks in a lead up to a recession and shift their assets into more defensive companies, shifting back once there is greater clarity on the outlook and central banks start to cut interest rates to soften an economic downturn.

In summary, while we remain very constructive on the outlook for the sector and the prospects of the companies in which we are invested, market perceptions have recently deteriorated markedly. It is likely we will have a much clearer view over the next six months. Even though share prices already factor in lower earnings, a sustained recovery is only possible when the outlook improves or if earnings continue to surprise in their resilience and the market gives credit for the improved longer-term profitability outlook. Until such time we will remain patient about taking on risk.

Nick Brind, John Yakas & George Barrow

30 June 2022

We would draw shareholders attention to www.polarcapitalglobalfinancialstrust.com for monthly factsheets, regular investment commentary and portfolio updates.

Full Portfolio

2022	2021	Stock	Sector	Geographical Exposure	Market Value £'000 31 May 2022	Market Value £'000 30 November 2021	% of total net assets 31 May 2022	% of total net assets 30 November 2021
1	(2)	Bank of America	Banks	North America	23,498	18,455	4.4%	4.0%
2	(6)	CHUBB	Insurance	Europe	20,960	11,340	3.9%	2.5%
3	(1)	JP Morgan Chase	Banks	North America	20,128	26,539	3.8%	5.8%
4	(-)	Berkshire Hathaway	Diversified Financials	North America	18,482	-	3.4%	-
5	(3)	HDFC Bank	Banks	Asia (ex-Japan)	18,044	13,111	3.4%	2.9%
6	(5)	Arch Capital	Insurance	North America	18,034	12,572	3.4%	2.7%
7	(7)	Toronto-Dominion Bank	Banks	North America	17,780	11,305	3.3%	2.4%
8	(37)	Wells Fargo	Banks	North America	13,544	5,957	2.5%	1.3%
9	(8)	PNC Financial Services	Banks	North America	13,519	11,112	2.5%	2.4%
10	(12)	Mastercard	Software & Services	North America	12,516	9,466	2.3%	2.1%
Top 10 investments					176,505		32.9%	
11	(13)	East West Bancorp	Banks	North America	11,967	9,452	2.2%	2.1%
12	(-)	DBS Group	Banks	Asia (ex-Japan)	11,902	-	2.2%	-
13	(23)	HSBC	Banks	United Kingdom	10,627	8,153	2.0%	1.8%
14	(26)	AIA Group	Insurance	Asia (ex-Japan)	10,380	7,833	1.9%	1.7%
15	(15)	Sumitomo Mitsui Financial	Banks	Japan	10,169	9,264	1.9%	2.0%
16	(10)	UBS Group	Banks	Europe	9,826	10,279	1.9%	2.3%
17	(4)	Citizens Financial Group	Banks	North America	9,655	13,086	1.8%	2.9%
18	(-)	Marsh & McLennan	Insurance	North America	9,245	-	1.7%	-
19	(49)	Bank Rakyat	Banks	Asia (ex-Japan)	9,213	4,235	1.7%	1.0%
20	(35)	Beazley	Insurance	United Kingdom	8,557	6,767	1.6%	1.5%
Top 20 investments					278,046		51.8%	
21	(21)	Housing Development Finance	Banks	Asia (ex-Japan)	8,537	8,209	1.6%	1.8%
22	(14)	OSB Group	Banks	United Kingdom	8,502	9,350	1.6%	2.0%
23	(17)	SVB Financial	Banks	North America	8,334	8,600	1.6%	1.9%
24	(-)	DNB Bank ASA	Banks	Europe	8,314	-	1.5%	-
25	(22)	Bank Central Asia	Banks	Asia (ex-Japan)	8,313	8,204	1.5%	1.8%
26	(29)	Western Alliance	Banks	North America	8,152	7,137	1.5%	1.6%
27	(44)	Standard Chartered	Banks	United Kingdom	8,045	5,129	1.5%	1.1%
28	(11)	BNP Paribas	Banks	Europe	7,853	9,616	1.5%	2.1%
29	(9)	Nordea Bank	Banks	Europe	7,806	10,907	1.5%	2.4%
30	(25)	Blackstone	Diversified Financials	North America	7,766	7,858	1.5%	1.7%
Top 30 investments					359,668		67.1%	
31	(-)	Visa	Software & Services	North America	7,721	-	1.4%	-
32	(-)	Intact Financial	Insurance	North America	7,248	-	1.4%	-
33	(32)	Sampo	Insurance	Europe	7,228	6,858	1.3%	1.5%
34	(53)	Hong Kong Exchange	Diversified Financials	Asia (ex-Japan)	7,035	4,081	1.3%	0.9%
35	(27)	Signature Bank	Banks	North America	6,934	7,712	1.3%	1.7%
36	(28)	PacWest Bancorp	Banks	North America	6,780	7,640	1.3%	1.6%
37	(62)	Shinhan Financial	Banks	Asia (ex-Japan)	6,574	2,199	1.2%	0.5%
38	(42)	Bank for Foreign Trade	Banks	Asia (ex-Japan)	6,511	5,475	1.2%	1.2%
39	(43)	Bank of NT Butterfield	Banks	North America	6,369	5,240	1.2%	1.1%
40	(19)	Enterprise Financial Services	Banks	North America	6,157	8,424	1.1%	1.8%
Top 40 investments					428,225		79.8%	

41	(16)	Morgan Stanley	Diversified Financials	North America	6,064	9,083	1.1%	2.0%
42	(33)	S&P Global	Diversified Financials	North America	5,829	6,826	1.1%	1.5%
43	(-)	Royal Bank of Canada	Banks	North America	5,368	-	1.0%	-
44	(47)	Direct Line Insurance	Insurance	United Kingdom	5,267	4,763	1.0%	1.0%
45	(31)	Allianz	Insurance	Europe	5,107	7,079	1.0%	1.6%
46	(-)	CaixaBank	Banks	Europe	4,956	-	0.9%	-
47	(45)	Chailease	Diversified Financials	Asia (ex-Japan)	4,872	4,994	0.9%	1.1%
48	(-)	Baloise	Insurance	Europe	4,831	-	0.9%	-
49	(-)	Macquarie	Diversified Financials	Asia (ex-Japan)	4,827	-	0.9%	-
50	(36)	Tisco Financial	Banks	Asia (ex-Japan)	4,784	5,999	0.9%	1.3%
Top 50 investments					480,130		89.5%	
51	(18)	Webster Financial	Banks	North America	4,768	8,559	0.9%	1.9%
52	(-)	MSCI	Diversified Financials	North America	4,553	-	0.8%	-
53	(60)	Finecobank Banca Fineco	Banks	Europe	4,319	2,781	0.8%	0.6%
54	(-)	KBC	Banks	Europe	4,288	-	0.8%	-
55	(40)	Srisawad	Diversified Financials	Asia (ex-Japan)	4,248	5,501	0.8%	1.2%
56	(-)	Mitsubishi UFJ Financial	Banks	Japan	4,072	-	0.7%	-
57	(41)	Lancashire	Insurance	United Kingdom	3,739	5,485	0.7%	1.2%
58	(-)	Prudential	Insurance	United Kingdom	3,472	-	0.7%	-
59	(-)	Bank of New York Mellon	Diversified Financials	North America	3,317	-	0.7%	-
60	(34)	PayPal	Software & Services	North America	3,214	6,773	0.6%	1.5%
Top 60 investments					520,120		97.0%	
61	(58)	Ares Capital	Diversified Financials	North America	3,162	2,998	0.6%	0.7%
62	(-)	Hong Leong Bank	Banks	Asia (ex-Japan)	3,094	-	0.6%	-
63	(-)	Moneybox (unquoted)	Diversified Financials	United Kingdom	3,000	-	0.5%	-
64	(61)	VPC Specialty Lending Investments	Fixed Income	Fixed Income	2,576	2,392	0.5%	0.5%
65	(-)	Golub Capital	Diversified Financials	North America	2,355	-	0.4%	-
66	(65)	Atom Bank (unquoted)	Banks	United Kingdom	2,241	1,921	0.4%	0.4%
67	(73)	International Personal Finance 9.75% Bond	Fixed Income	Fixed Income	2,097	1,357	0.4%	0.3%
68	(66)	Gresham House	Diversified Financials	United Kingdom	2,013	1,803	0.4%	0.4%
69	(-)	Lancashire 5.625% Bond	Fixed Income	Fixed Income	1,927	-	0.4%	-
70	(-)	Rothesay Life 6.875% Bond	Fixed Income	Fixed Income	1,907	-	0.3%	-
Top 70 investments					544,492		101.5%	
71	(70)	Provident Financial 8.875% Bond	Fixed Income	Fixed Income	1,797	1,706	0.3%	0.4%
72	(74)	Riverstone Credit Opportunities	Fixed Income	Fixed Income	1,676	1,325	0.3%	0.3%
73	(-)	Pension Insurance 7.375% Bond	Fixed Income	Fixed Income	1,639	-	0.3%	-
74	(72)	PensionBee	Diversified Financials	United Kingdom	1,585	1,669	0.3%	0.4%
75	(68)	City of London Investment Group	Diversified Financials	United Kingdom	1,356	1,779	0.3%	0.4%
76	(64)	Chrysalis Investments	Diversified Financials	United Kingdom	1,124	1,981	0.2%	0.4%
77	(77)	Jupiter 8.875% Bond	Fixed Income	Fixed Income	488	528	0.1%	0.1%
Total investments					554,157		103.3%	
Other net liabilities					(17,746)		(3.3%)	
Total net assets					536,411		100.0%	

Note: Figures in brackets denote comparative rankings as at 30 November 2021.

Portfolio Analysis

Geographical Exposure*	Benchmark weighting as at 31 May 2022**	31 May 2022	30 November 2021
North America	52.3%	50.8%	47.6%
Asia (ex-Japan)	18.4%	20.1%	19.9%
Europe	14.3%	16.0%	19.2%
United Kingdom	4.8%	11.2%	11.7%
Fixed Income	-	2.6%	2.2%
Japan	3.8%	2.6%	2.0%
Latin America	1.7%	-	1.7%
Eastern Europe	-	-	1.1%
Other net liabilities	-	(3.3%)	(5.4%)
Total		100.0%	100.0%

Sector Exposure*	Benchmark weighting as at 31 May 2022**	31 May 2022	30 November 2021
Banks	49.3%	61.7%	70.2%
Insurance	21.4%	19.5%	13.7%
Diversified Financials	29.3%	15.2%	14.9%
Software & Services	-	4.3%	4.4%
Fixed Income	-	2.6%	2.2%
Other net liabilities	-	(3.3%)	(5.4%)
Total		100.0%	100.0%

Market Cap*	Benchmark weighting as at 31 May 2022**	31 May 2022	30 November 2021
Large (>US$5bn)	99.0%	90.3%	85.6%
Medium (US$0.5bn – US$5bn)	1.0%	11.1%	18.2%
Small (<US$0.5bn)	-	1.9%	1.6%
Other net liabilities	-	(3.3%)	(5.4%)
Total		100.0%	100.0%

* Based on the net assets as at 31 May 2022 of £536.4m (2021: £457.2m).

**The classifications are derived from the Benchmark as far as possible. Not all geographical areas or sectors of the Benchmark are shown, only those in which the Company had an investment at the period end.

CORPORATE MATTERS FOR THE SIX MONTHS TO 31 MAY 2022

PRINCIPAL RISKS AND UNCERTAINTIES

A detailed explanation of the Company's principal risks and uncertainties, and how they are managed through mitigation and controls, can be found on pages 35 to 38 of the Annual Report for the year ended 30 November 2021. These principal risks can be summarised as business risks, including meeting the investment objective of the Company, and market-related risks encompassing factors such as excessive share price discount to NAV, market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk, gearing and the ability to meet the dividend policy. Other principal risks include infrastructure risks, including the performance of the operational and accounting systems and processes provided by the Investment Manager, taxation, mis-valuation and legal and regulatory risks; and external risks which focuses on the exposure to the economic cycles of the markets of the underlying investments.

The Directors consider that, overall, the principal risks and uncertainties faced by the Company for the remaining six months of the financial year have not changed from those outlined within the Annual Report. The Board continues to carefully monitor the impact of the Russian invasion of Ukraine and whilst this worsens the macroeconomic outlook, there is no direct impact to the Company's portfolio or the financials sector.

Further detail on the Company's performance and portfolio can be found in the Investment Managers' Report.

GOING CONCERN

As detailed in the notes to the financial statements, the Board continually monitors the financial position of the Company and has undertaken additional stress-testing and analysis in determining the appropriateness of preparing the Financial Statements on a going concern basis. Having carried out the additional testing, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Company. In reaching this conclusion, the Board also considered the Company's performance and its assessment of any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

In accordance with DTR 4.2.8R, there have been no new related party transactions during the six month period to 31 May 2022. There have been no changes in any related party transaction described in the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year or to the date of this report.

Statement of Directors' Responsibilities

The Directors of Polar Capital Global Financials Trust plc, who are listed in the Company Information section, confirm to the best of their knowledge that:

- The condensed set of financial statements has been prepared in accordance with the UK-adopted International Accounting Standard 34 and in conformity with the requirements of the Companies Act 2006 and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 31 May 2022; and

- The Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

The half-year financial report for the six-month period to 31 May 2022 has not been audited or reviewed by the Auditors. The half-year financial report was approved by the Board on 30 June 2022.
On behalf of the Board

Robert Kyprianou
Chairman

STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 May 2022

	Notes	(Unaudited) Half year ended 31 May 2022 Revenue return £'000	(Unaudited) Half year ended 31 May 2022 Capital return £'000	(Unaudited) Half year ended 31 May 2022 Total return £'000	(Unaudited) Half year ended 31 May 2021 Revenue return £'000	(Unaudited) Half year ended 31 May 2021 Capital return £'000	(Unaudited) Half year ended 31 May 2021 Total return £'000	(Audited) Year ended 30 November 2021 Revenue return £'000	(Audited) Year ended 30 November 2021 Capital return £'000	(Audited) Year ended 30 November 2021 Total return £'000
Investment income	2	**11,116**	**342**	**11,458**	4,046	-	4,046	10,640	–	10,640
Other operating income	2	**10**	**-**	**10**	-	-	-	-	–	-
(Losses)/gains on investments held at fair value		**-**	**(25,485)**	**(25,485)**	-	38,359	38,359	-	56,942	56,942
Loses on derivatives		**-**	**-**	**-**	-	-	-	-	(115)	(115)
Other currency (losses)/gains		**-**	**(394)**	**(394)**	-	479	479	-	(1,337)	(1,337)
Total income		**11,126**	**(25,537)**	**(14,411)**	4,046	38,838	42,884	10,640	55,490	66,130
Expenses										
Investment management fee		**(362)**	**(1,448)**	**(1,810)**	(155)	(621)	(776)	(449)	(1,795)	(2,244)
Performance fee		**-**	**1,164**	**1,164**	-	(415)	(415)	-	105	105
Other administrative expenses		**(401)**	**(7)**	**(408)**	(414)	(8)	(422)	(865)	(10)	(875)
Total expenses		**(763)**	**(291)**	**(1,054)**	(569)	(1,044)	(1,613)	(1,314)	(1,700)	(3,014)
Profit/(loss) before finance costs and tax		**10,363**	**(25,828)**	**(15,465)**	3,477	37,794	41,271	9,326	53,790	63,116
Finance costs		**(55)**	**(220)**	**(275)**	(33)	(131)	(164)	(91)	(6,575)	(6,666)
Profit/(loss) before tax		**10,308**	**(26,048)**	**(15,740)**	3,444	37,663	41,107	9,235	47,215	56,450
Tax		**(982)**	**521**	**(461)**	(286)	(206)	(492)	(870)	(670)	(1,540)
Net profit/(loss) for the period and total comprehensive income/(expense)		**9,326**	**(25,527)**	**(16,201)**	3,158	37,457	40,615	8,365	46,545	54,910
Earnings/(loss) per Ordinary share (pence)	3	**2.98**	**(8.17)**	**(5.19)**	2.15	25.51	27.66	4.42	24.57	28.99

The total return column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with prepared in accordance with UK-adopted International Accounting Standards.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The amounts dealt with in the Statement of Comprehensive Income are all derived from continuing activities.

The notes to follow form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 May 2022

	Notes	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
		(Unaudited) Half year ended 31 May 2022						
Total equity at 1 December 2021		13,967	251	219,163	131,947	83,744	8,175	457,247
Total comprehensive (expense)/income:								
(Loss)/profit for the half year ended 31 May 2022		-	-	-	-	(25,527)	9,326	(16,201)
Transactions with owners, recorded directly to equity:								
Issue of shares out of treasury	5	-	-	4,483	6,477	-	-	10,960
Issue of new ordinary shares (including costs)	5	1,282	-	43,765	-	-	-	45,047
Issue of new ordinary shares pursuant to placings (including costs)	5	1,339	-	43,984	-	-	-	45,323
Shares bought back and held in treasury	5	-	-	-	(330)	-	-	(330)
Equity dividends paid*		-	-	-	(831)	-	(4,804)	(5,635)
Total equity at 31 May 2022		**16,588**	**251**	**311,395**	**137,263**	**58,217**	**12,697**	**536,411**

* All dividends are paid as interim dividends, and all have been charged to revenue, where necessary utilising the revenue reserves, with the exception of the interim dividend paid on 28 February 2022. Part of this dividend, amounting to £831,000 was paid out of the special distributable reserve.

		Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
		(Unaudited) Half year ended 31 May 2021						
Total equity at 1 December 2020		10,139	251	55,890	57,111	35,469	6,883	165,743
Total comprehensive income:								
Profit for the half year ended 31 May 2021		–	–	–	–	37,457	3,158	40,615
Transactions with owners, recorded directly to equity:								
Issue of shares out of treasury	5	–	–	27,486	52,832	–	–	80,318
Equity dividends paid		–	–	–	–	–	(2,694)	(2,694)
Total equity at 31 May 2021		10,139	251	83,376	109,943	72,926	7,347	283,982

STATEMENT OF CHANGES IN EQUITY continued
For the half year ended 31 May 2022

		(Audited) Year ended 30 November 2021						
		Called up share capital £'000	**Capital redemption reserve £'000**	**Share premium reserve £'000**	**Special distributable reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total Equity £'000**
Total equity at 1 December 2020		10,139	251	55,890	57,111	35,469	6,883	165,743
Total comprehensive income:								
Profit for the year ended 30 November 2021		–	–	–	–	46,545	8,365	54,910
Transactions with owners, recorded directly to equity:								
Issue of shares out of treasury	5	–	–	42,351	74,836	–	–	117,187
Issue of ordinary shares from C share conversion		3,828	–	120,971	-	1,730	–	126,529
Issue cost		–	–	(49)	-	–	–	(49)
Equity dividends paid		–	–	–	–	–	(7,073)	(7,073)
Total equity at 30 November 2021		13,967	251	219,163	131,947	83,744	8,175	457,247

The notes to follow form part of these financial statements.

Balance Sheet as at 31 May 2022

	Notes	(Unaudited) 31 May 2022 £'000	(Unaudited) 31 May 2021 £'000	(Audited) 30 November 2021 £'000
Non-current assets				
Investments held at fair value through profit or loss		**554,157**	311,552	482,100
Current assets				
Receivables		**1,436**	1,193	959
Overseas tax recoverable		**1,274**	378	597
Cash and cash equivalents		**34,784**	3,155	26,388
		37,494	4,726	27,944
Total assets		**591,651**	316,278	510,044
Current liabilities				
Payables		**(4,055)**	(1,751)	(659)
Bank overdraft		**-**	(1,843)	-
Bank loan		**(51,185)**	(26,891)	(50,418)
		(55,240)	(30,485)	(51,077)
Non-current Liabilities				
Performance fee provision*		**-**	(1,683)	(1,164)
Indian capital gains tax provision*		**-**	(128)	(556)
		-	(1,811)	(1,720)
Net assets		**536,411**	283,982	457,247
Equity attributable to equity shareholders				
Called up share capital		**16,588**	10,139	13,967
Capital redemption reserve		**251**	251	251
Share premium reserve		**311,395**	83,376	219,163
Special distributable reserve		**137,263**	109,943	131,947
Capital reserves		**58,217**	72,926	83,744
Revenue reserve		**12,697**	7,347	8,175
Total equity		**536,411**	283,982	457,247
Net asset value per Ordinary share (pence)	4	**161.80**	162.41	167.50

*The performance fee and Indian capital gains tax provisions at 31 May 2021 have been re-presented as a non-current liability from a previously presented current liability.

The notes to follow form part of these financial statements.

Robert Kyprianou

Chairman
30 June 2022

CASH FLOW STATEMENT

For the half year ended 31 May 2022

	(Unaudited) Half year ended 31 May 2022 £'000	(Unaudited) Half year ended 31 May 2021 £'000	(Audited) Year ended 30 November 2021 £'000
Cash flows from operating activities			
(Loss)/profit before tax	**(15,740)**	41,107	56,450
Adjustment for non-cash items:			
(Losses)/gains on investments held at fair value through profit or loss	**25,485**	(38,359)	(56,942)
Scrip dividends received	**-**	-	(115)
Amortisation on fixed interest securities	**6**	(2)	(5)
Finance costs relating to C shares	**-**	-	6,210
Adjusted profit before tax	**9,751**	2,746	5,598
Adjustments for:			
Purchases of investments, including transaction costs	**(308,429)**	(162,165)	(454,569)
Sales of investments, including transaction costs	**214,265**	77,104	216,527
Increase in receivables	**(818)**	(586)	(229)
(Decrease)/increase in payables	**(1,151)**	629	9
Indian capital gains tax	**(35)**	-	(114)
Overseas tax deducted at source	**(1,659)**	(597)	(1,194)
Exchange losses on the loan facility	**767**	-	452
Net cash used in operating activities	**(87,309)**	(82,869)	(233,520)
Cash flows from financing activities			
Net proceeds from issue of shares out of treasury	**11,300**	80,127	116,988
Net proceeds from issue of new ordinary shares	**45,047**	-	-
Net proceeds from share placings	**45,323**	-	-
Shares repurchased into treasury	**(330)**	-	-
Issue cost paid	**-**	-	(57)
Gross proceeds from issue of C shares	**-**	-	122,000
C share issue costs paid	**-**	-	(1,773)
Loan drawn	**-**	6,991	30,066
Equity dividends paid	**(5,635)**	(2,694)	(7,073)
Net cash generated from financing activities	**95,705**	84,424	260,151
Net increase in cash and cash equivalents	**8,396**	1,555	26,631
Cash and cash equivalents at the beginning of the period	**26,388**	(243)	(243)
Cash and cash equivalents at the end of the period	**34,784**	1,312	26,388

The notes to follow form part of these financial statements.

Notes to the Financial Statements for The Half Year Ended 31 May 2022

1 General Information

The financial statements comprise the unaudited results for Polar Capital Global Financials Trust Plc for the six-month period to 31 May 2022.

The unaudited financial statements to 31 May 2022 have been prepared using the accounting policies used in the Company's financial statements to 30 November 2021. These accounting policies are based on UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB").

The financial information in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The financial information for the periods ended 31 May 2022 and 31 May 2021 have not been audited. The figures and financial information for the year ended 30 November 2021 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 November 2021, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Company's accounting policies have not varied from those described in the financial statements for the year ended 30 November 2021.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise stated.

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements. The Board continually monitors the financial position of the Company. The Directors have considered a detailed assessment of the Company's ability to meets its liabilities as they fall due. The assessment took account of the Company's current financial position, its cash flows and its liquidity position. In light of the results of these tests, the Company's cash balances, and the liquidity position, the Directors consider that the Company has adequate financial resources to enable them to continue in operational existence. Accordingly, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial results of the Company.

There were no new IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Company's Financial Statements.

2 Dividends and Other Income

	(Unaudited) For the half year ended 31 May 2022 £'000	(Unaudited) For the half year ended 31 May 2021 £'000	(Audited) For the year ended 30 November 2021 £'000
Investment income			
Revenue:			
UK dividends	**1,882**	584	1,108
Overseas dividends	**8,968**	3,224	8,962
Scrip dividends	**-**	-	115
Interest on debt securities	**266**	238	455
Total investment income allocated to revenue	**11,116**	4,046	10,640

Included within income from investments is £394,000 (31 May 2021: £39,000 and 30 November 2021: £502,000) of special dividends classified as revenue in nature. £342,000 special dividends have been recognised in capital (31 May 2021 and 30 November 2021: £nil).

Other operating income			
Bank interest	**10**	-	-
Total other operating income	**10**	-	-

3 Earnings/(losses) per Ordinary share

	(Unaudited) For the half year ended 31 May 2022 £'000	(Unaudited) For the half year ended 31 May 2021 £'000	(Audited) For the year ended 30 November 2021 £'000
Basic earnings/(loss) per share			
Net profit/(loss) for the period:			
Revenue	**9,326**	3,158	8,365
Capital	**(25,527)**	37,457	46,545
Total	**(16,201)**	40,615	54,910
Weighted average number of shares in issue during the period	**312,453,455**	146,860,441	189,457,425
Basic – Ordinary shares (pence)			
Revenue	**2.98p**	2.15p	4.42p
Capital	**(8.17p)**	25.51p	24.57p
Total	**(5.19p)**	27.66p	28.99p

As at 31 May 2022 there were no potentially dilutive shares in issues (31 May 2021 and 30 November 2021: same).

4 Net Asset Value per Ordinary Share

	(Unaudited) For the half year ended 31 May 2022	(Unaudited) For the half year ended 31 May 2021	(Audited) For the year ended 30 November 2021
Net assets attributable to Ordinary shareholders (£'000)	**536,411**	283,982	457,247
Ordinary shares in issue at end of period	**331,525,000**	174,850,000	272,980,000
Net asset value per Ordinary share (pence)	**161.80**	162.41	167.50

As at 31 May 2022 there were no potentially dilutive shares in issues (31 May 2021 and 30 November 2021: same).

5 Share Capital

During the six months ended 31 May 2022, the Company issued 6,350,000 ordinary shares out of treasury (31 May 2021: 51,799,900; 30 November 2021: 73,374,900) for a total consideration of £10,960,000 (31 May 2021: £80,318,000; 30 November 2020: £117,187,000).

The Company also issued 25,644,680 new ordinary shares from the blocklisting facility (31 May 2021: nil; 30 November 2021: nil) for a total consideration of £45,140,000 less expenses of £93,000 (31 May 2021: £nil; 30 November 2021: £nil).

The Company also undertook a share placing programme, the first placing at the end of January 2022 and second placing at the end of February 2022 under the Prospectus issued on 12 May 2021. This resulted in a total allotment of 26,775,320 new ordinary shares for a total consideration of £46,022,000 less expenses of £699,000.

In addition, the Company also repurchased 225,000 ordinary shares into treasury (31 May 2021: nil; 30 November 2021: nil) for a total consideration of £330,000 (31 May 2021: £nil; 30 November 2021: £nil). Following this, the company's issued share capital consists of 331,525,000 ordinary shares and an additional 225,000 ordinary shares held in treasury.

6 Dividends

The first interim dividend for the year ending 30 November 2022 was declared on 1 July 2022 and will be paid on 31 August 2022; it is anticipated that the second interim dividend for the year ending 30 November 2022 will be declared on or around December 2022 and will be paid on 28 February 2023.

7 Related Party Transactions

There have been no related party transactions that have materially affected the financial positions or the performance of the Company during the six month period to 31 May 2022.

8 Post Balance Sheet Events

After the period end, a further 230,000 ordinary shares were repurchased into treasury. Following these share repurchases, the total number of ordinary shares in issue was 331,295,000 and 455,000 shares were held in treasury as at 29 June 2022.

There are no other significant events that have occurred after the end of the reporting period to the date of this report which require disclosure

DIRECTORS AND CONTACTS

Directors (all independent Non-executive)
Robert Kyprianou, Chairman
Cecilia McAnulty, Audit Chair
Simon Cordery
Katrina Hart

Company Secretary
Polar Capital Secretarial Services Limited
represented by Tracey Lago, FCG

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Investment Manager and AIFM
Polar Capital LLP
Authorised and regulated by the Financial Services Authority

Portfolio Co-Managers
Mr Nick Brind
Mr John Yakas
Mr George Barrow

Corporate Broker
Stifel Nicolaus Europe Limited
150 Cheapside, London, EC2V 6ET

Depositary, Bankers and Custodian
HSBC Bank Plc, 8 Canada Square, London E14 5HQ

Registered Number
Incorporated in England and Wales with company number 8534332 and registered as an investment company under section 833 of the Companies Act 2006

FORWARD LOOKING STATEMENTS
Certain statements included in this half year Report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Annual Report for the financial year ended 30 November 2021. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Financials Trust plc or any other entity and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

HALF YEAR REPORT
The Company has opted not to post half year reports to shareholders. Copies of this Report will be available from the Company Secretary at the Registered Office, 16 Palace Street, London SW1E 5JD and from the Company's website at www.polarcapitalglobalfinancialstrust.co.uk

National Storage Mechanism
A copy of the Half Year Report has been submitted to the National Storage Mechanism ('NSM') https://data.fca.org.uk/#/nsm/nationalstoragemechanism

FINANCIAL CALENDAR

The key dates in the Company's financial year are as follows:

30 November	Financial year-end
31 May	Half-year end
End of February	First Interim Dividend
End of August	Second Interim Dividend
Early July	Announcement of half-year results
Late Jan/Feb	Announcement of year-end results
March-May	Annual General Meeting