

## Trust Fact Sheet

30 August 2019



### Trust Facts

#### Ordinary Shares

Share Price	135.00p
NAV per share	142.37p
Premium	-
Discount	-5.17%
Capital	202,775,000 shares of 5p

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

Total Net Assets	£288.7m
AIC Gearing Ratio	0.00%
AIC Net Cash Ratio	1.44%

**Historic Yield (%)<sup>2</sup> 3.19**

#### Dividends (p/share)

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

#### Benchmark <sup>3</sup>

MSCI World Financials + Real Estate Net Total Return Index

#### Fees <sup>4,5</sup>

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

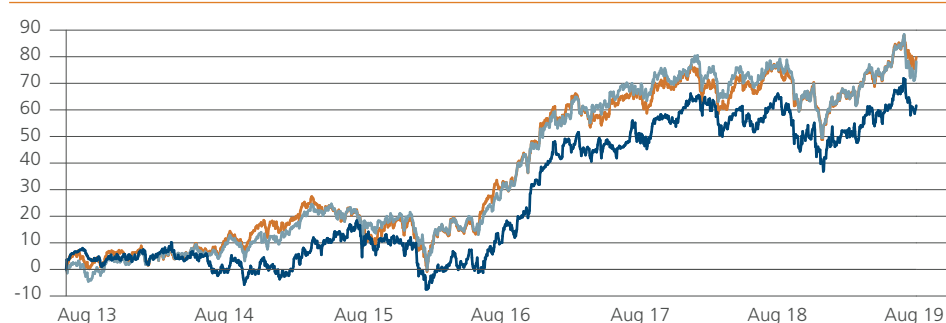
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

### 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) <sup>6</sup>	-5.50	3.99	13.75	-1.52	41.37	61.34	61.60
■ NAV per Share (TR)	-4.34	3.93	15.10	0.51	34.43	62.35	78.15
■ Benchmark <sup>3</sup>	-3.32	5.20	16.38	3.13	35.01	61.81	79.78

### Discrete Performance (%)

	30.11.18 30.08.19	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) <sup>6</sup>	5.56	-1.69	16.66	21.43	6.21
NAV per Share (TR)	6.14	-1.60	16.40	22.17	5.23
Benchmark <sup>3</sup>	6.66	-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.

- Gearing calculations are exclusive of current year revenue.
- 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.
- 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.
- 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.
- 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.

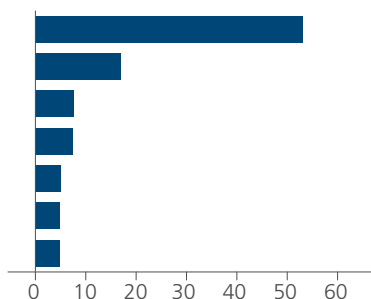
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 30 August 2019

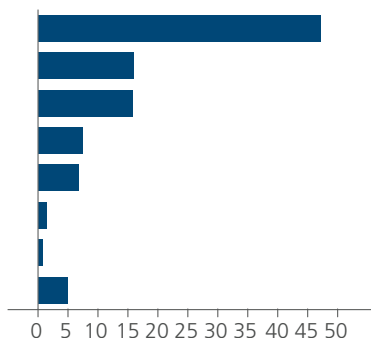
### Sector Exposure (%)

Banks	53.0
Insurance	17.1
Diversified Financials	7.7
Fixed Income	7.4
Real Estate	5.1
Software & Services	4.9
Cash	4.9



### Geographic Exposure (%)

North America	47.1
Asia Pacific (ex-Japan)	15.9
Europe	15.7
Fixed Income	7.4
UK	6.8
Japan	1.4
Eastern Europe	0.8
Cash	4.9



### Top 15 Holdings (%)

JPMorgan	5.7
Mastercard	3.8
Bank of America	3.8
Chubb	3.7
Arch Capital	3.2
Marsh & McLennan	2.5
Citizens Financial Group	2.4
Toronto-Dominion	2.3
AIA Group	2.3
Wells Fargo	2.2
US Bancorp	2.2
Mapletree Commercial Trust	2.1
PNC	2.0
Blackstone Group	2.0
Citigroup	1.9

**Total** **42.1**

**Total Number of Positions** **65**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	81.1
Medium (US\$ 0.5bn - 5bn)	15.3
Small (less than US\$ 0.5bn)	3.6

## 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	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.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.

# Polar Capital Global Financials Trust plc

## Fund Manager Comments

As at 30 August 2019

Equity markets suffered significant volatility in August due to the trade war between the US and China, political events in the UK, Italy and Brazil and the continued demonstrations and riots in Hong Kong, all affecting sentiment. Against this background financials underperformed broad equity markets. The Trust's net asset value fell by 4.3%, lagging our benchmark index because of our underweight exposure to REITs.

US and European bank stocks were particularly weak over the month, with our holdings in Bank of America, JPMorgan and SVB Financial Group the biggest negative contributors. Conversely our REIT holdings performed well. In particular, Mapletree Commercial Trust, one of our Singapore REIT holdings, saw a double-digit rise in its share price. Mastercard, the payments company, was also a strong contributor.

US banks came under pressure as markets priced in the expectation of further interest rate cuts by the Federal Reserve with the implied probability of a cut at the Fed's September meeting rising to 100% from 62% in July. Growth in the US economy has slowed as the stimulus from tax cuts has faded but remains supported by a resilient labour market with consumer spending rising to an annual rate of 4.7%. Consequently, the data highlights the self-inflicted nature of the slowdown with geopolitics depressing business sentiment while other indicators (wage growth, labour market, M1, real interest rates) do not point to a recession.

Similarly, European banks remained under pressure in August with macro data highlighting the extent to which the region is exposed to the US/China trade war while Brexit uncertainty remains an overhang. The slowdown in German growth has increased expectation of fiscal stimulus and the European Central Bank (ECB) is expected to announce a stimulus package at its September meeting, potentially alongside deposit tiering (which would reduce what banks pay the ECB on surplus deposits) although the positive impact of the latter would be quite small.

During the month we visited Jakarta to get an update from company management teams. Overall our visit was positive although not suggesting a significant acceleration in growth (after a weaker first half of the year due to the Indonesian general election), at least not until certain commodity prices and global sentiment has improved. There has been limited impact from the trade war since it is not a large manufacturing exporter. Liquidity has been tight although recent cuts in interest rates and reserve requirements are helping to ease some of the pressure. Further cuts are expected.

Bank net interest margins have ticked up but cuts in interest rates will start to pressure them going forwards. Asset quality remains good and Bank Central Asia, which we hold in the Trust, noted there was little evidence of a deterioration other than a slight rise in special mention loans. Deposit growth has lagged loan growth so access to deposits will remain a key competitive advantage which is why we like Bank Central Asia, due to its strong position in payments and a loan/deposit ratio which is well below the average for the sector.

We added to holdings in DNB, Norway's largest bank and Bank of the Philippine Islands during the month. We also reduced the Trust's US bank exposure with the sale of our holding in Pacific Premier Bancorp, a Californian bank. Other holdings that were reduced in August included Fortune REIT, a Hong Kong shopping mall-focused REIT, VPC Specialty Lending Investments and BOC Hong Kong.

At the time of writing European banks are hitting 50-year relative lows (no doubt Japanese banks are not that dissimilar). Valuations have reverted to the crisis level lows of 2009, 2012 and 2016. On a price to book basis that equates to 0.6x and on a P/E ratio they are at 7.7x (their P/E ratios are lower than the lows in 2009 and 2016). For eurozone banks (stripping out the UK, Nordic and Swiss banks) the multiples are even lower.

Elsewhere valuations in bank shares remain depressed, insurance stocks appear reasonably valued and REITs, where we have reduced exposure, continue to see their valuations rise benefiting from the fall in bond yields (some retail REITs and more recently Hong Kong REITs have performed poorly). We have pulled back our exposure to banks over the past six months, increasing exposure to insurance and payments companies but when the macro outlook improves banks will not stay at these historically depressed levels and we remain well positioned to take advantage of a change in sentiment when it happens.

**Nick Brind & John Yakas**

6 September 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.

# Polar Capital Global Financials Trust plc

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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 benchmark 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](http://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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