

## Trust Fact Sheet

28 February 2020



### Trust Facts

#### Ordinary Shares

Share Price	127.50p
NAV per share	134.60p
Premium	-
Discount	-5.27%
Capital	202,775,000 shares of 5p

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

Total Net Assets	£272.9m
AIC Gearing Ratio	5.02%
AIC Net Cash Ratio	0.00%

**Historic Yield (%)<sup>2</sup> 3.45**

#### Dividends (p/share)

February 2020 (paid)	2.00
July 2019 (paid)	2.40
February 2019 (paid)	1.90
July 2018 (paid)	2.25

#### 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>	-8.98	-10.09	-11.47	3.48	7.38	47.76	54.72
■ NAV per Share (TR)	-6.67	-8.00	-9.53	3.38	7.59	46.69	70.93
■ Benchmark <sup>3</sup>	-6.48	-7.65	-7.90	3.87	6.19	43.75	71.02

### Discrete Performance (%)

	29.11.19 28.02.20	30.11.18 29.11.19	30.11.17 30.11.18	30.11.16 30.11.17	28.11.15 30.11.16
Ordinary Share Price (TR) <sup>6</sup>	-10.09	12.41	-1.69	16.66	21.43
NAV per Share (TR)	-8.00	10.70	-1.60	16.40	22.17
Benchmark <sup>3</sup>	-7.65	9.87	-0.12	14.20	24.47

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.

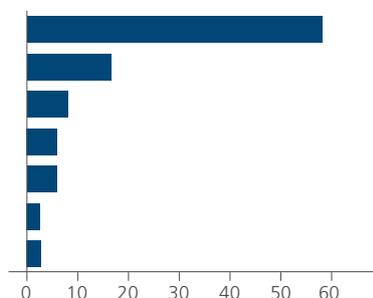
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 28 February 2020

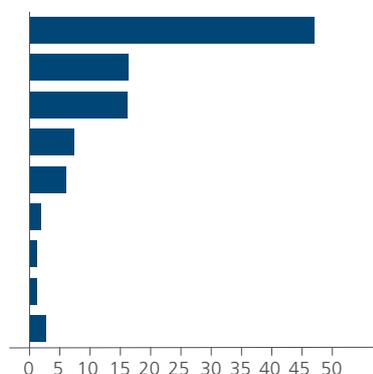
### Sector Exposure (%)

Banks	58.1
Insurance	16.6
Diversified Financials	8.0
Fixed Income	6.0
Software & Services	5.9
Real Estate	2.6
Cash	2.8



### Geographic Exposure (%)

North America	47.0
Asia Pacific (ex-Japan)	16.3
Europe	16.1
UK	7.3
Fixed Income	6.0
Latin America	1.9
Japan	1.3
Eastern Europe	1.2
Cash	2.8



### Top 15 Holdings (%)

JPMorgan	5.6
Bank of America	3.8
Mastercard	3.7
Chubb	3.3
Arch Capital	3.2
Toronto-Dominion	2.5
Citizens Financial Group	2.4
Marsh & McLennan	2.3
AIA Group	2.2
HDFC Bank	2.2
KBC Groep	2.1
Citigroup	2.0
PayPal Holdings	1.9
US Bancorp	1.9
PNC	1.9

**Total 41.0**

**Total Number of Positions 71**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	86.1
Medium (US\$ 0.5bn - 5bn)	10.8
Small (less than US\$ 0.5bn)	3.1

## 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.

## Fund Manager Comments

As at 28 February 2020

Equity markets having rallied early in the month suffered very sharp falls at the end of February on the back of concerns that coronavirus was spreading uncontrollably and would therefore have a significant impact on global growth. The falls were partially offset by sterling strength. Against this, background financials also fell sharply, led by bank shares, with our benchmark index, the MSCI World Financials + Real Estate Index, falling 6.5%. In comparison, the Trust's net asset value fell by 6.7%.

US financials fell 8.3% led by bank stocks as US government bond yields reached record lows and the market priced in additional monetary policy easing. While China's containment policy has led to a consistent reduction in new infections in the month, allowing authorities to let people return to work, the global outbreak (leading to a wide range in estimated potential impacts to global growth) resulted in a heavy selloff towards the end of the month and a rush to the safety of US treasury securities. It remains too early to assess the economic impact and the extent to which it will represent a postponed or permanent loss of growth.

Equity markets were mixed in Asia. Chinese financials saw a modest recovery in the month as the government's containment policy resulted in a continued fall in the infections rate. Sentiment was also supported by a strong policy response with the PBOC announcing measures to support the corporate sector, particularly SMEs, reduced interest rates and encouraged the issuance of virus-linked bonds (where companies must commit to spending at least 10% of proceeds on measures to combat coronavirus). Similar measures have been announced in Singapore (\$4.6bn financial measures primarily focused on the travel, tourism and retail sectors) and Hong Kong (\$15.4bn relief package) while Korea is expected to announce relief measures of c\$10bn.

European financials fell 6.5%, in line with the broader sector, with the region's banks falling slightly less. Market sentiment was affected by evidence that the virus was spreading in Italy and, at the time of writing has resulted in significant parts of Italy put into lockdown, which raised the risk of a much wider outbreak. In contrast to other regions, the ECB has downplayed the prospect of near-term monetary policy stimulus but noted a willingness to take "appropriate and targeted measures" to counter the slowdown. The Bank of England Governor, Mark Carney, said the Bank of England would also take all necessary steps to support the UK economy but that coronavirus would lead to, "disruption not destruction" unlike the global financial crisis.

For our bank holdings, the short-term risks to earnings are undoubtedly to the downside but what is priced in by equity markets? Analysts will start to forecast lower net interest margins on the back of the cuts in interest rates already announced and in anticipation that other central banks will also cut. If one assumes that the Federal Reserve cuts interest rates by a further 50bps to take the cut to 100bps then this would, on average, hit US banks earnings by around 7% over the next year. A mild recession could result in a 50% increase in provisioning versus a doubling for a more significant downturn which would result in a further 7% hit to consensus earnings. All told this would impact earnings by around 15%. US banks have fallen over 25% year to date at the time of writing suggesting investors assume a much more severe downturn.

However, forecasts in such a fluid situation are likely to be wide of the mark with the many moving parts including the impact on costs and degree to which banks offset increased provisions for loan losses by raising yields on new loans. Alternatively, one can fall back on valuations as a sense check – not infallible either but instructive. MSCI data which goes back to 1995, covers a panoply of downturns including the Asian financial crisis which coincided with the collapse of Long-Term Capital Management and Russia defaulting in 1998, the 2001-02 recession and Iraq war, SARS, the global financial crisis, the eurozone crisis, periods of rapidly rising and falling oil prices and the more recent period of low or negative interest rates.

Banks are balance sheet businesses and therefore a price-to-book basis which takes into account the cyclical nature of the sector's earnings is the most prudent way of looking at the sector. At the end of February, the sector was trading on a price-to-book ratio of 0.93x, while in comparison the median price-to-book ratio for the sector going back over this period is 1.69x. Banks have only ever traded below the current level approximately 5% of the time highlighting how close to the bottom of their historical trading range they currently are. While we cannot call the bottom of this fall in equity markets you are now buying bank shares at levels only seen in extreme market selloffs. As a result, we believe that any evidence that coronavirus is being contained, undoubtedly weeks away at the earliest, will result in a very sharp recovery.

**Nick Brind & John Yakas**

9 March 2020

### Fund Managers



**Nick Brind**

**Fund Manager**

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 26 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.

*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.*

# 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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