Polar Capital Global Financials Trust plc

Trust Fact Sheet

31 January 2020

Trust Facts

Ordinary Shares

Share Price	142.00p
NAV per share	146.36p
Premium	-
Discount	-2.98%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£296.8m
AIC Gearing Ratio	4.96%
AIC Net Cash Ratio	0.00%

Historic Yield (%)[2] **3.03**

Dividends (p/share)

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

Benchmark [3]

MSCI World Financials + Real Estate Net Total Return Index

Fees [4,5]

Management	0.85%
Performance	10%
Ongoing Charges	0.99%

Risk Warning
Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

Discount Warning
The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

Subscription shares will have a dilutive effect on ordinary shares when the Net Asset Value (NAV) is greater than the conversion price.

Company Profile

Investment Objective

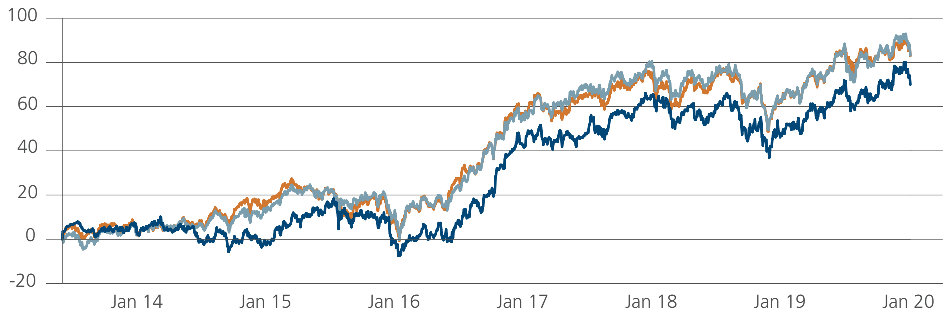
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

Investment Policy

The Company will seek to achieve its objective by investing primarily in a global portfolio consisting of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors.

Performance

Performance Since Launch (%)



	1 month	3 month	YTD	1 year	3 years	5 years	Since Launch
Ordinary Share Price (TR) [6]	-2.74	3.27	-2.74	15.87	20.08	73.71	69.98
NAV per Share (TR)	-3.06	1.10	-3.06	12.85	18.83	62.76	83.15
Benchmark [3]	-1.51	0.86	-1.51	12.73	17.84	59.27	82.87

Discrete Performance (%)

	29.11.19 31.01.20	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) [6]	-1.22	12.41	-1.69	16.66	21.43
NAV per Share (TR)	-1.43	10.70	-1.60	16.40	22.17
Benchmark [3]	-1.25	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.

1. Gearing calculations are exclusive of current year revenue.
2. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the share price, as at the date of this fact sheet. It does not include any initial charge and investors may be subject to tax on their distributions.
3. As of August 2016, the MSCI removed Real Estate as a constituent from the MSCI World Financials Index. Benchmark data above illustrates linked performance of the MSCI World Financials Index prior to August 2016 and MSCI World Financials + Real Estate Net Total Return Index since August 2016 to present.
4. The performance fee is on any outperformance over a hurdle of the index +1.25 pence per annum. Further details can be found in the Report and Accounts and Prospectus.
5. Ongoing charges calculated at the latest published year end date, excluding any performance fees.
6. Ordinary share price (TR), calculated by reinvesting dividends at relevant ex-dividend dates, does not take into account returns shareholders would have received from the subscription shares that they were issued with at launch. Please note that the subscription shares issued at the time of launch were subject to a single exercise date being 31 July 2017.

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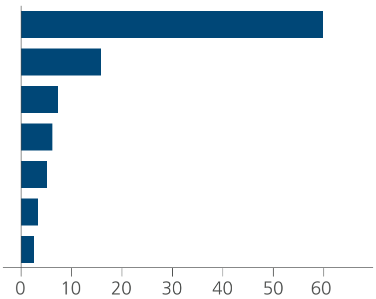
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 January 2020

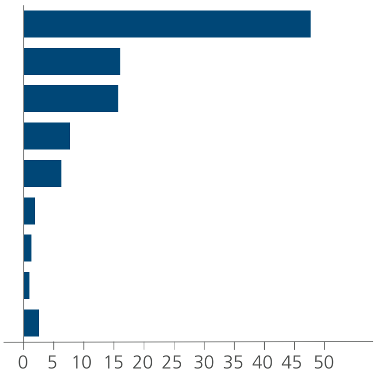
Sector Exposure (%)

Banks	59.9
Insurance	15.8
Diversified Financials	7.3
Fixed Income	6.2
Software & Services	5.1
Real Estate	3.3
Cash	2.5



Geographic Exposure (%)

North America	47.7
Asia Pacific (ex-Japan)	16.0
Europe	15.7
UK	7.7
Fixed Income	6.2
Latin America	1.9
Japan	1.3
Eastern Europe	0.9
Cash	2.5



Top 15 Holdings (%)

JPMorgan	5.8
Bank of America	4.0
Mastercard	3.6
Arch Capital	3.1
Chubb	3.1
Citizens Financial Group	2.5
Toronto-Dominion	2.4
AIA Group	2.2
Marsh & McLennan	2.2
KBC Groep	2.1
Citigroup	2.1
HDFC Bank	2.1
PNC	2.1
US Bancorp	2.0
Blackstone	1.9
Total	**41.2**

Total Number of Positions **70**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	87.4
Medium (US$ 0.5bn - 5bn)	9.5
Small (less than US$ 0.5bn)	3.0

Investing in the Trust and Shareholder Information

Trust Characteristics

Launch Date	01 July 2013
Year End	30 November
Half Year End	31 May
Results Announced	Late Jan/Feb
Next AGM	Late April
Trust Term	Fixed life to May 2020
Listed	London Stock Exchange

Market Purchases

The ordinary shares are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Corporate Contacts

Registered Office and Website

16 Palace Street, London SW1E 5JD
www.polarcapitalglobalfinancialstrust.co.uk

Custodian

HSBC Plc is the Depositary and provides global custody of all the company's investments

Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
www.shareview.co.uk

Codes

Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Note: Totals may not sum due to rounding.

Fund Manager Comments

As at 31 January 2020

Financials suffered a sharp setback in January. While the escalation of tensions in the Middle East following the assassination of Iranian General Qasem Soleimani dissipated quickly, the rapid spread of coronavirus and the concern that this could have a significant impact on global growth more than offset better economic data. Against this background the Trust's NAV fell by 3.1% as compared with our benchmark index, the MSCI World Financials + Real Estate Index, which fell by 1.5%.

US banks fell 6.9% in January tracking the fall in bond yields. Fourth quarter results included few surprises with the quarter supported by strong trading revenues while net interest margin (NIM) compression was offset by fee income growth and benign asset quality trends. We expect NIMs to stabilise over the course of the first half of 2020, before improving dependent on no further cuts in interest rates. Nevertheless, valuations are supported by a continued high level of capital return – approximately 10% when taking into account buybacks as well as dividends.

The quarter highlighted the valuation opportunity in a number of our US SMID-cap banks which are trading in line with large-cap peers, versus a historic premium of around 20%, and continue to report high levels of loan growth. For example, we have holdings in First Republic Bank and SVB Financial Group which grew their loan balance by 19% and 16% respectively. Given the relative growth outlook we shifted the mix of our US bank holdings towards SMID-caps by reducing our large-cap US bank exposure and starting a new holding in Comerica, a Texas-headquartered bank.

Despite entering the year with reduced trade concerns, not surprisingly Asian markets underperformed in the month and were particularly affected by concerns regarding a slowdown in China. The Trust was affected by its exposure to Hong Kong with the contraction in mainland Chinese visitors set to weigh on 1Q20 operating trends, delaying the recovery from the disruption caused by the protests last year. While new business sales for AIA Group face headwinds, purchases are more likely postponed rather than cancelled (there is no evidence of market-share loss of mainland Chinese visitors to other Asian markets).

We highlighted in December's fact sheet commentary the unexpected decision of the Financial Policy Committee (FPC) of the Bank of England to raise capital requirements for UK banks by raising the counter-cyclical buffer (CCyB) from 1% to 2%, although it was partly offset by a reduction in what is known as the Pillar 2A. While in the long term this is a sensible step as it would give regulators more flexibility in a downturn, the timing was very odd.

In July 2016, shortly after the UK referendum result, the FPC announced a cut in the CCyB of 0.5%. In its statement at the time it highlighted that this would reduce regulatory capital, raising UK banks' capacity for lending to UK households and businesses by up to £150bn. Using the same logic, the increase in capital requirements that was announced in December will reduce the ability of UK banks to lend by close to £200bn over the next year.

The FPC also noted that in the 2007, "the UK CCyB rate would have needed to be set in the range of 3.5-5% for the UK banking system to have had sufficiently large usable capital buffers to absorb losses that followed the credit boom without severely restricting lending to the real economy." Furthermore, they indicated that they intend to increase capital requirements, albeit gradually, over time to meet this level. If the increase is not offset by lower capital requirements elsewhere it will be another headwind for UK banks.

We have limited exposure to UK banks as we see better risk/reward elsewhere. Our main holding is OneSavings Bank. It has significantly outperformed its peer group since its IPO in 2014 and even over the past three years has returned 42.7% versus the average UK bank's total return of only 5%. Following the merger with Charter Court Financial Services last year it now has a market capitalisation of £1.9bn and yet, despite the rally in the second half of 2019, its shares still trade at less than 7x earnings, a discount to its larger peers.

The start of the year has seen a return of volatility and a rise in investor caution as it remains too early to properly assess what impact coronavirus will have on economic activity. Given the increased size and international integration of China's economy, the risk to global growth is greater but previous experiences have shown a pattern of a material transitory shock followed by a recovery in subsequent quarters. Consequently, should the sell-off continue we will look to take advantage of mispricing opportunities.

Nick Brind & John Yakas

6 February 2020

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.

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.

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Benchmarks

The following benchmark index is used: MSCI World Financials + Real Estate Net Total Return Index. This benchmark is generally considered to be representative of the Financial Equity universe. This benchmarks is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to www.msci.com for further information on these indices. Comparisons to benchmarks have limitations as benchmark's volatility and other material characteristics may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Fund may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Fund may incur. The performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund is similar to indices in composition or risk. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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