

## Trust Fact Sheet

30 June 2014



### Trust Facts

#### Ordinary Shares

|                           |                           |
|---------------------------|---------------------------|
| Share Price               | 104.25p                   |
| NAV (undiluted) per share | 102.90p                   |
| Premium                   | 1.31%                     |
| Discount                  | -                         |
| Capital                   | 177,200,000 shares of 25p |

#### Subscription Shares<sup>1</sup>

|                |                         |
|----------------|-------------------------|
| Share Price    | 12.75p                  |
| Exercise Price | 115.00p                 |
| Capital        | 30,600,000 shares of 1p |

#### Assets & Gearing<sup>2</sup>

|                    |         |
|--------------------|---------|
| Total Net Assets   | £182.3m |
| AIC Gearing Ratio  | 0.00%   |
| AIC Net Cash Ratio | 4.05%   |

#### Dividends Declared (p/share)

|            |      |
|------------|------|
| March 2014 | 0.68 |
|------------|------|

### Benchmark

MSCI World Financials Index

### Fees<sup>3</sup>

|             |       |
|-------------|-------|
| Management  | 0.85% |
| Performance | 10%   |

### Risk Warning

Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information on Page 4 and the full Risk Warnings in the Prospectus.

### 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.

## Company Profile

### Investment Objective

The 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 Months | 6 Months | 1 Year | Since Launch |
|-----------------------------|---------|----------|----------|--------|--------------|
| Ordinary Share Price        | -1.42   | -3.47    | 1.12     | -      | 4.92         |
| NAV (undiluted per Share)   | -1.35   | -0.96    | 1.01     | -      | 5.69         |
| MSCI World Financials Index | -0.97   | 0.32     | 0.32     | -      | 6.66         |

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, NET total return in GBP. 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. For full details of the subscription shares and their exercise terms please refer to the Prospectus and the notes of the Company's website. Each share confers the right to subscribe for 1 Ordinary share at 115p on 31 July 2017.

2. Gearing calculations are exclusive of current year revenue.

3. The performance fee is on any outperformance over a hurdle of the index +1.25% per annum. Further details can be found in the Report and Accounts and Prospectus.

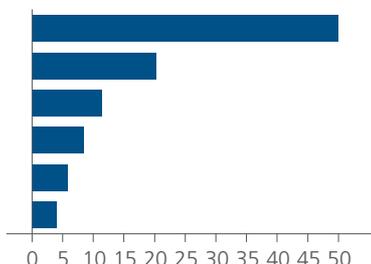
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 30 June 2014

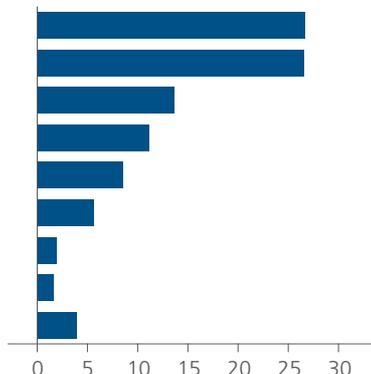
### Sector Exposure (%)

|                        |      |
|------------------------|------|
| Banks                  | 50.0 |
| Diversified Financials | 20.3 |
| Insurance              | 11.5 |
| Fixed Income           | 8.5  |
| Real Estate            | 5.8  |
| Cash                   | 4.0  |



### Geographic Exposure (%)

|                     |      |
|---------------------|------|
| Europe              | 26.7 |
| North America       | 26.6 |
| Asia Pac (ex-Japan) | 13.7 |
| UK                  | 11.2 |
| Fixed Income        | 8.5  |
| Eastern Europe      | 5.7  |
| Latin America       | 2.0  |
| Japan               | 1.7  |
| Cash                | 4.0  |



### Top 15 Holdings (%)

|                             |     |
|-----------------------------|-----|
| PNC                         | 3.0 |
| JPMorgan                    | 2.7 |
| Wells Fargo                 | 2.7 |
| DNB                         | 2.2 |
| Jammu & Kashmir Bank        | 2.2 |
| ACE                         | 2.1 |
| Sampo                       | 2.1 |
| Discover Financial Services | 2.1 |
| UBS                         | 2.1 |
| Toronto-Dominion            | 2.0 |
| Cielo                       | 2.0 |
| BNP Paribas                 | 2.0 |
| Société Générale            | 1.8 |
| Barclays                    | 1.8 |
| US Bancorp                  | 1.8 |

**Total** 32.6

**Total Number of Positions** 68

### Market Capitalisation Exposure (%)

|                               |      |
|-------------------------------|------|
| Large (greater than US\$ 5bn) | 68.0 |
| Medium (US\$ 0.5bn - 5bn)     | 29.3 |
| Small (less than US\$ 0.5bn)  | 2.7  |

## 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          | May 2015               |
| Trust Term        | Fixed life to May 2020 |
| Listed            | London Stock Exchange  |

### Market Purchases

The ordinary and subscription 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

4 Matthew Parker Street, London SW1H 9NP  
www.polarcapitalglobalfinancialtrust.co.uk

#### Custodian

HSBC PLC acts as global custodian for 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         |

#### Subscription Shares<sup>1</sup>

|                       |              |
|-----------------------|--------------|
| ISIN                  | GB00B9XQV370 |
| SEDOL                 | B9XQV37      |
| London Stock Exchange | PCFS         |

The entire investment portfolio is published in the annual and semi annual reports and as part of the interim management statement.

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 30 June 2014

It is a year since the launch of the Polar Global Financial Trust and in that time global equity markets have performed well, albeit that some individual equity markets have suffered sharp falls in that period. Financials, not surprisingly, have performed well against this background, despite some of that volatility, but for the Trust it has been a frustrating start. If you were a US Dollar investor you would have made a total return of more than 20.0% investing in financials using our benchmark index, the MSCI World Financials Index, as a proxy. Similarly if you were a Euro investor then that return would still have been a very healthy 15.0%. However, sterling investors have seen that return reduced to just over 7.0% – a reflection of its strength against most currencies over the last 12 months, which is by no means unreasonable, but still not the same when one can see share prices in local currencies have done so well.

In June, Barclays was sued by New York Attorney General Eric Schneiderman for making misrepresentations to clients and investors about how it operated its dark pool (an electronic equity trading platform). It is not accused of allowing high-frequency traders (HFTs) to use its dark pool (that is not illegal), but rather that it did not implement safeguards to protect clients from aggressive or predatory HFTs as it claimed in marketing presentations, instead operating its dark pool to favour HFTs. In his statement, Schneiderman alleged that "Barclays grew its dark pool into one of the largest in the United States by telling investors they were diving into safe waters when in fact Barclays' dark pool was full of predators who were there at Barclays' invitation."

The accusations against Barclays are serious and shocking. They are also a surprise in that, on the little information so far available, the amount of money that they made out of operating their dark pool was not significant. In presentations, the revenues that Barclays were hoping to generate were only in the region of \$37-50m (versus £28bn that the bank generated in revenue last year). The reaction to the announcement of the lawsuit was a fall in Barclay's share price of 6.5%, a loss of around £2.5bn in market capitalisation. Will Barclays be the only bank that is either fined or in receipt of a lawsuit? Unlikely. Goldman Sachs only a few days later was fined \$800,000 by FINRA, a US regulator.

But for the banking sector this is the second skeleton to fall out of the cupboard in a matter of weeks, the first being the revelation that BNP Paribas faced a huge fine (far in excess of anyone's expectations) for providing US dollar clearing for Sudan and other countries in breach of US sanctions. As a result, European wholesale banks have suffered significant weakness in recent weeks coming on top of what has been a weak trading environment for some of their investment banking operations. With FX investigations on-going, there is some concern that potential fines etc., assumed to be double that for LIBOR manipulation, could be significantly higher, let alone what other past misdeeds are still yet to surface.

The falls in the share price of UBS, Credit Suisse, Deutsche Bank and Societe Generale in June were all around 10.0% (adjusting for currency), only marginally less than the fall in Barclays' share price. BNP Paribas' share price fell 'only' around 5.0% over the month, although this was a function of an update they gave investors that despite the \$8.9 billion fine they will have to pay, that the hit to their capital will be less than expected and they still intend to pay a dividend next year. BNP Paribas' share price had been previously very weak when rumours surfaced about the size of fine that it was expected to pay.

With respect to Barclays, it now trades at only 0.65 times price-to-book, a single-digit price earnings ratio and only ten times earnings if one stripped out the 'toxic' investment bank. Its share price is starting to suggest that many see it as uninvestable. Furthermore, two years ago Barclays signed a non-prosecution agreement (NPA) with the Department of Justice with respect to the investigation into LIBOR. The New York State Attorney General filed his lawsuit on the last day that the NPA was in force, the consequences of which are as yet unknown. As one broker put it about whether it was time to buy Barclays' shares before the recent share price fall, 'One for the brave, maybe the mad, but looks too cheap'. Only time will tell.

We took the opportunity to sell one of our Indian holdings, Bajaj Finance (consumer finance company), during the month. Although we are very positive for the long term, we are beginning to have concerns that valuations in India are becoming too stretched, in particular for the better quality banks. Investors have placed a lot of faith in the new government's ability to deliver and we suspect that some disillusionment is only natural if changes take longer than expected. Added to which, high share prices are likely to boost management's willingness to raise capital which would put share prices under pressure in the short-term.

Other investment activity during the month included selling our holding in Sberbank, Russia's largest bank, following a sharp recovery in its share price (Sberbank's share price had fallen significantly when the Ukraine crisis erupted). Against this sale we started a new holding in Moscow Stock Exchange while we also took advantage of share price weakness in Cembra Money Bank, a Swiss consumer finance business, and Main Street Capital, a US lender to small and mid-sized companies, to add to our holdings.

Financials have lagged in the last few months as investors have grown more cautious on equity markets and we would expect them in the short-term to play some catch up. Longer-term valuations remain very undemanding for the sector and a not insignificant number of stocks offer considerable upside, especially as investors have yet to give much credit to many that have significantly strengthened their balance sheets over the last five years.

**Nick Brind & John Yakas**

11 July 2014

## Fund Managers



**Nick Brind**  
Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 20 years of industry experience.



**John Yakas**  
Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 26 years of industry experience.

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