Polar Capital Global Financials Trust plc

Trust Fact Sheet

26 February 2021

Trust Facts

Ordinary Shares

Share Price	150.50p
NAV per share	147.93p
Premium	1.74%
Discount	-
Capital	139,025,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£206.3m
AIC Gearing Ratio	12.20%
AIC Net Cash Ratio	n/a

Historic Yield (%)[2] **2.92**

Dividends (p/share)

February 2021 (Paid)	2.00
August 2020 (Paid)	2.40
February 2020 (Paid)	2.00
August 2019 (Paid)	2.40

Benchmark [3]

MSCI ACWI Financials Net Total Return Index (in Sterling)

Fees [5]

Management	0.70%
Performance	10%
Ongoing Charges	1.09%

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

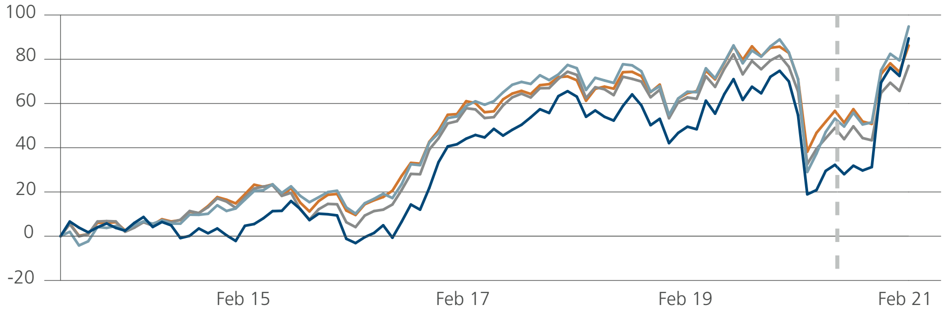
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

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	Since Tender [7]	Since Launch
Ordinary Share Price (TR) [6]	9.85	11.82	7.49	22.45	16.15	58.34	89.45
NAV per Share (TR)	8.56	11.35	6.78	13.33	10.09	48.34	93.70
Benchmark [3]	6.86	7.46	4.52	8.88	9.21	32.53	86.21
MSCI ACWI Financials (NTR) [4]	6.86	7.46	4.52	7.03	2.38	32.53	77.05

Discrete Performance (%)

	30.11.20 26.02.21	29.11.19 30.11.20	30.11.18 29.11.19	30.11.17 30.11.18	30.11.16 30.11.17
Ordinary Share Price (TR) [6]	11.82	-1.54	12.41	-1.69	16.66
NAV per Share (TR)	11.35	-6.36	10.70	-1.60	16.40
Benchmark [3]	7.46	-6.43	9.87	-0.12	14.20
MSCI ACWI Financials (NTR) [4]	7.46	-8.19	7.96	-0.44	15.75

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. The benchmark changed on 23 April 2020 to MSCI ACWI Financials Net Total Return Index (in Sterling) due to the Trust's exposure to Emerging Market financials equities and its limited exposure to real estate equities. Prior to this the Trust's benchmark was MSCI World Financials + Real Estate Net Total Return Index. Preceding 31 August 2016, the Trust's benchmark was the MSCI World Financials Index, which included Real Estate as a constituent until its removal that year. Benchmark data above illustrates linked performance of these benchmarks.
4. The performance of the MSCI ACWI Financials Net Total Return Index (excluding Real Estate, in Sterling) from the Trust's inception is used for illustrative purposes only.
5. With effect from 23 April 2020, the performance fee is calculated daily on any outperformance over the performance fee hurdle. The hurdle is the benchmark index +1.5% per annum, compounded annually. The Management fee was reduced from 0.85% to 0.70% with effect from 7 April 2020. Ongoing charges calculated at the latest published year end date, excluding any performance fees. Further details can be found in the Report and Accounts.
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.
7. The Company carried out a tender offer on 22 April 2020 in response to proposals, to extend the Company's life indefinitely subject to regular tender offers, that were put to shareholders on 12 March 2020 and passed at a General Meeting on 7 April 2020. This is represented by the grey dotted line on the performance graph.

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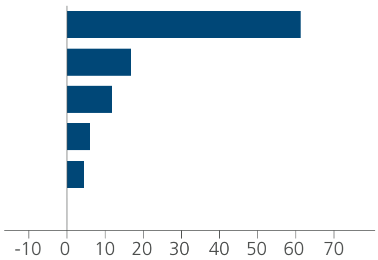
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 26 February 2021

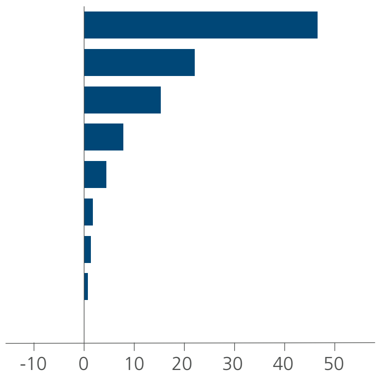
Sector Exposure (%)

Banks	61.2
Insurance	16.7
Diversified Financials	11.7
Software & Services	6.0
Fixed Income	4.4
Cash	0.0



Geographic Exposure (%)

North America	46.6
Asia Pacific (ex-Japan)	22.1
Europe	15.2
UK	7.8
Fixed Income	4.4
Latin America	1.8
Japan	1.4
Eastern Europe	0.7
Cash	0.0



Top 15 Holdings (%)

JPMorgan	5.2
Bank of America	3.4
Mastercard	2.5
HDFC Bank	2.4
Citizens Financial Group	2.3
Chubb	2.3
Wells Fargo	2.2
AIA Group	2.2
Signature Bank	2.2
Arch Capital	2.1
East West Bancorp	1.9
Ping An Insurance	1.8
UBS Group	1.8
BNP Paribas	1.7
Housing Development Finance	1.7
Total	**35.7**
Total Number of Positions	**80**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	84.2
Medium (US$ 0.5bn - 5bn)	13.6
Small (less than US$ 0.5bn)	2.2

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	March-May
Trust Term	No fixed life; 5-yearly tender offers
Next Tender Offer	30 June 2025
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 26 February 2021

Financials were extremely strong in February, rallying sharply on the back of rising expectations for economies to open more quickly thanks to the rollout of vaccines and further fiscal stimulus. Underpinning this was a sharp rally in bond yields with a resulting rotation out of highly valued growth stocks into more cyclical stocks such as financials. Against this background, the Trust's net asset value increased by 8.6% while our benchmark index, the MSCI ACWI Financials Index, rose by 6.9%.

The outperformance was due to the Trust's overweight exposure to banks and specifically the performance of a number of US regional banks partially offset by holdings in the insurance sector. Signature Bank and East West Bancorp, New York and California-based banks respectively, were two of the strongest performers while conversely holdings in Bank Central Asia, an Indonesian bank, and Lancashire Holdings, a UK-listed property and casualty insurer, fell over the month, the latter on disappointing results. Performance since the corporate action has been very strong reflecting the portfolio being much more actively traded over the last year, to take advantage of the volatility in markets, with latterly the increased exposure to bank stocks being the key driver.

US financials rose 9.5% over the month, led by banks, benefiting from a combination of progress on the rollout of vaccines as well as optimism regarding the potential for additional stimulus which led to a marked shift in economic expectations during the month reflected in higher bond yields and an upward revision in consensus GDP growth estimates. The improved visibility on the economic outlook has increased confidence on asset quality while surplus capital levels support an attractive yield (US large-cap banks are estimated to yield in excess of 5% in 2021 taking into account dividends and buybacks).

Asian financials rose 3.5% in February with strength in Australia, Japan and India partially offset by more modest gains in China and Hong Kong. The announcement of an increase in stamp duty in Hong Kong contributed to a selloff towards the end of the month. Economic trends coming out of the region continued the theme of strong exports coupled with weak domestic consumption. In terms of exports, not only did we see ongoing strength in electronics exports/semiconductors but also the beginnings of a commodity driven rise. The flipside to the rise in commodity prices is an increase in concerns about the impact of higher oil prices on government budgets deficits, inflation and currencies with India and the Philippines potentially susceptible.

European financials rose 8.8%, again led by the banking sector which rose 13.4%, a particular beneficiary of the improved prospects for economic reopening later in the year. Fourth-quarter results generally came ahead of expectations, resulting in modest earnings upgrades for 2021, driven primarily by lower provisioning while strong capital positions raised the prospect of high yields once restrictions are lifted (guidance implies yields in 2021 in excess of 10% for a number of banks subject to regulatory approval). Despite European banks' strong recent performance, they continue to trade at the bottom of their pre-COVID-19 relative valuation range to the broader market (60-85% forward P/E) highlighting their strong recovery potential.

We added to our US and European bank exposure during the month through additions to existing holdings and new positions in ING Groep, Bank of N.T. Butterfield & Son and Comerica, the latter a multi-state bank headquartered in Texas which is particularly sensitive to higher interest rates. While the conditions are in place for reflationary expansion, there is no benefit in consensus earnings out to 2023 for a higher interest rate environment. Holdings in Berkshire Hathaway and two subordinated bonds issued by NatWest Bank were sold.

In an amusing critique of value investing on Twitter, a fund manager was quoted in February as writing: "Imagine for a moment that a portfolio manager describes their investment process as follows: they focus exclusively on companies with deteriorating or questionable business practices, and lots of debt. They go on to highlight their fondness for companies that make poor use of invested capital, and experience large selloffs during periods of stress. While such a process might sound absurd, it is an excellent description of what's been working since Pfizer's November vaccine announcement, which shifted investors' focus towards the reopening process."

Financials are by default bracketed in the value bucket of investing, reflecting their low price to book, low price to earnings ratios and high dividend yields. When you buy financials, you are exposed to the value style of investing. The performance of the MSCI ACWI Financials index, to use a broader index of financials stocks, and MSCI ACWI Value Index are almost identical having returned 103.6% and 105.4% respectively over the past 10 years with a correlation of over 96%. However, investing in an industry that generates lower returns or is growing more slowly and paying out much of the capital it is generating does not automatically mean that its prospects are poor, or it has questionable business practices.

In our opinion financials are attractive at this point in the cycle as their balance sheets, as evidenced by falling credit spreads of bonds issued by companies in the sector, are robust and their earnings are recovering sharply as they are seeing their prospects improve along with the expected reopening of economies. We believe valuations remain below (and sometime well below) what we think is fair for a normalised level of profitability and sentiment is turning more positive on the sector.

All companies face longer-term headwinds of potentially higher corporate taxes, many also from higher regulatory and political scrutiny and a less attractive operating environment looking forwards. For financials, we believe it is for the most part the opposite. While the sector has seen strong relative performance in recent weeks, in the context of previous cycles, it has only just outperformed equity markets from their lows in March last year following February's strong performance, suggesting the rotation has much further to go.

Nick Brind, John Yakas & George Barrow

8 March 2021

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 27 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 32 years of industry experience.

George Barrow

Fund Manager

George has managed the Fund since 2020, he joined Polar Capital in 2010 and has 13 years of industry experience.

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Benchmarks

The following benchmark index is used: MSCI ACWI Financials Net Total Return Index (in Sterling). 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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