Polar Capital Global Financials Trust plc

Trust Fact Sheet
29 February 2016

Trust Facts

Ordinary Shares

Share Price	90.25p
NAV (undiluted) per share	101.01p
Premium	-
Discount	-10.65%
Capital	173,500,000 shares of 25p

Subscription Shares [1]

Share Price	2.83p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

Assets & Gearing [2]

Total Net Assets	£175.3m
AIC Gearing Ratio	7.10%
AIC Net Cash Ratio	0.00%

Historic Yield (%) 3.57

Dividends (p/share)

February 2016 (paid)	1.38
August 2015 (paid)	1.85
February 2015 (paid)	1.35
July 2014 (paid)	1.75

Benchmark

MSCI World Financials Index

Fees [3]

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 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

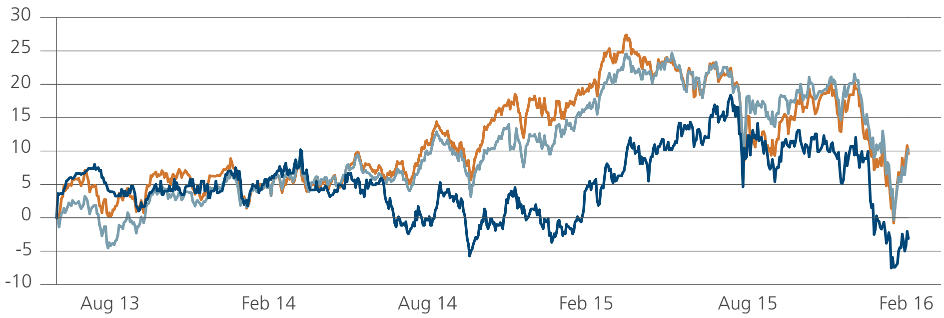
The investment objective is to generate for investors a growing dividend income together with capital appreciation.

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 (TR)	-1.96	-11.86	-13.73	-7.47	-3.11
NAV (undiluted per Share) (TR)	-2.47	-8.11	-6.78	-5.41	10.22
MSCI World Financials Index TR	-1.78	-7.68	-4.84	-7.88	9.59

Discrete Performance (%)

	30/11/15 29/02/16	28/11/14 30/11/15	29/11/13 28/11/14	01/07/13 29/11/13
Ordinary Share Price (TR)	-11.86	6.21	-2.14	5.75
NAV per Share (TR)	-8.11	5.23	9.86	3.75
MSCI World Financials Index TR	-7.68	0.88	10.98	6.03

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. 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 LLP 16 Palace Street, London, SW1E 5JD

T: +44 (0)20 7227 2721 | **E:** investor-relations@polarcapital.co.uk | **W:** www.polarcapital.co.uk

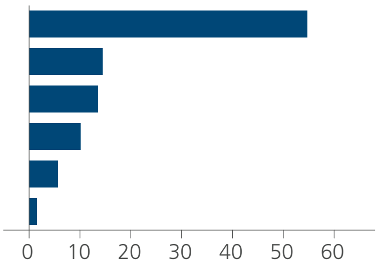
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 29 February 2016

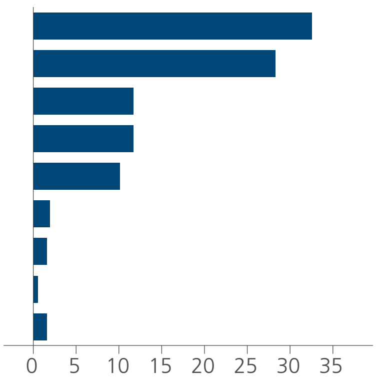
Sector Exposure (%)

Banks	54.7
Diversified Financials	14.4
Insurance	13.6
Fixed Income	10.1
Real Estate	5.6
Cash	1.6



Geographic Exposure (%)

North America	32.5
Europe	28.3
UK	11.7
Asia Pac (ex-Japan)	11.7
Fixed Income	10.1
Japan	2.0
Eastern Europe	1.6
Latin America	0.6
Cash	1.6



Top 15 Holdings (%)

JPMorgan	3.3
ING Groep	3.3
Chubb	3.0
Wells Fargo	3.0
Sampo	2.3
UBS Group	2.1
Bank of America	2.0
Swedbank	2.0
Direct Line Insurance	2.0
BNP Paribas	2.0
Fortune Real Estate Investment	2.0
Sumitomo Mitsui Financial	2.0
Marsh & McLennan	1.9
PNC	1.8
Toronto-Dominion	1.8
Total	**34.5**

Total Number of Positions **74**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	65.9
Medium (US$ 0.5bn - 5bn)	26.5
Small (less than US$ 0.5bn)	7.6

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	April 2016
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

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

Subscription Shares [1]

ISIN	GB00B9XQV370
SEDOL	B9XQV37
London Stock Exchange	PCFS

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 29 February 2016

Financials were the worst performing sector in February and as a result have materially underperformed broader equity markets year-to-date, albeit sterling weakness dampened some of the losses. Japanese banks fell 20.0% during the month and although US and European banks were weak, they were materially less so. Only real-estate investment trusts and non-life insurance stocks performed well, the former where we have relatively limited exposure relative to our benchmark.

Against this background the Trust's net asset value fell 2.5%. There was a significant dispersion in returns with our best performing holdings, rising by double-digit percentages, namely SVB Financial (the holding company of Silicon Valley Bank), which was purchased during the month, Sparebanken Midt-Norge, a Norwegian savings bank, and Lloyds Banking Group. Conversely shares in Credit Suisse, Sumitomo Mitsui and Banca Sistema, a small Italian bank which we also added to, all suffered double-digit percentage losses.

Last month, we focused on some of the concerns that investors have about the banking sector (and this was followed up with a more detailed note looking at these issues). On the key issue of a possible delay in US interest rate rises the debate seems to have now shifted quickly to whether we are heading for global negative interest rates. This has been partially sparked by the collapse in Japanese bank share prices as interest rates of some deposits held at the central bank are now negative and the consequent impact on their short-term margins.

While the concern is understandable with respect to the impact of low or negative interest rates on banking profitability we believe sentiment is too negative as is the commentary. For example, FT Alphaville has a blog titled 'Death of banks', focusing on the fall in net interest margins. But oddly maybe the most perceptive, reflecting the current pessimism, is a video uploaded on Vimeo the video-sharing website. It is of a scene from Downfall, the film of Hitler's last days holed up in his bunker in Berlin surrounded by his generals. In it he is told that interest rates are now negative. His response is to fly into a rant shouting, 'Have they gone [completely] insane. Don't they realise their economy is based on banks?'

In reality, when Central Banks cut deposit rates into negative territory investors should not conclude that all assets of banks will soon be seeing negative rates (in fact in some countries, banks have widened spreads on loans to counter the impact of the collapse in spreads from the deposits they take). Secondly, banks do continue to have some pricing power in managing their spreads and they are often adept at shifting deposits to off-balance sheet activities (e.g. fund management businesses) and so generate fee income.

While we wait for central banks to policymakers to come to their senses there is no hiding the fact that negative rates or low interest rates are not good for banking, if sustained for a long enough period. But we highlighted the fact in last month's factsheet that pressure on net interest margins is not a new phenomenon. Also, while an important driver of earnings it is not the only driver. For example, Danske's share price has more than doubled since the Danish central bank cut interest rates below zero back in 2012. While net interest margins fell, acting as a headwind, they were more than offset by falling loan loss provisions, lower operating costs and better fee revenues.

There was a sharp sell-off in credit during the month driven by weakness in the prices of AT1 securities (or CoCos as they are also known). This was driven by fear of coupon deferrals, exacerbated by weak resets (the yield at which they reprice if the bank does not redeem the bonds on their call dates), thus making the bonds less attractive and poor liquidity. Deutsche Bank was in the eye of the sell-off having to put out a statement to reassure debt investors.

The catalyst for the sell-off was a shift in regulatory guidance with respect to the minimum capital a bank needed before it is allowed to pay coupons on its AT1 securities. It exacerbated the sell-off in banking shares. But with the banking sector now significantly better capitalised then it was during the Eurozone crisis, let alone pre-crisis, and carrying significantly higher levels of liquidity it is not a question of their viability. The playbook during the Eurozone crisis was for the banking sector to take advantage of the sell-off and buyback 'some' of their debt resulting in very accretive transactions. On cue Deutsche Bank announced a tender offer for some of its euro and US Dollar denominated senior debt.

Lloyds Banking Group had a solid set of results with its net interest margin coming in better than forecast and guiding that it would rise over 2016 in contrast to some of the more bearish sell-side expectations. Similarly, it announced a higher dividend than expected and an aspiration to pay out all surplus capital above 13.0% core equity Tier 1 ratio (the current level of capital), in dividends and buybacks. While the bank took yet further provisions for PPI, which has been a significant headwind for earnings over the last few years, JP Morgan analysts forecast that Lloyds dividend yield will now rise from 6.4% in 2016 to 9.2% in 2018.

While our crystal ball remains murky as ever it was interesting that Lansdowne Partners announced that they had closed down their financials hedge fund at the end of the month. Sector fund closures historically are normally a contrarian buy signal but only time will tell whether it is the case in this instance. Some of the moves we have seen in share prices in recent weeks have made little sense and either share prices will recover (as we have seen in March), or the real reasons will become clearer.

Nick Brind & John Yakas

8 March 2016

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 21 years of industry experience.

John Yakas

Fund Manager

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

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Benchmarks The following benchmark index is used: MSCI World Financials Index. This benchmark is generally considered to be representative of the Financial Equity universe. The 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 for further information on this index. 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.

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