



Polar Capital Global Financials Trust plc

Report and Financial Statements for the half year ended 31 May 2015

Half year ended
2015

About Us

Profile

The Company was incorporated on 17 May 2013. On 1 July 2013 it issued 153,000,000 ordinary shares plus one subscription share for every five ordinary shares which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price for each ordinary share was £1 and the Net Asset Value (NAV) per share on 1 July 2013 was 98p (after launch costs).

Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Investment Objective

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

Investment Policy

The Company seeks 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. The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation

Full details of the investment policy are set out in the Annual Report.

Benchmark

The Benchmark is the MSCI World Financials Index total return in Sterling (with dividends reinvested).

Capital Structure

At 31 May 2015, the Company had in issue 173,700,000 ordinary shares of 5p each and 30,600,000 subscription shares of 1p each.

The Company bought back 900,000 ordinary shares in the period under review.

The subscription shares give the holders the right but not the obligation to subscribe for one ordinary share at 115p per ordinary share on 31 July 2017 after which date the subscription rights will lapse.

Life of the Company

The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution

will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in April 2020, but in any event, no later than 31 May 2020.

Gearing and Use of Derivatives

In line with the Articles of Association, the Company may employ borrowing from time to time with the aim of enhancing returns, subject to a maximum of 15 per cent. of net assets at the time the relevant borrowing is taken out. During the period under review, the Company had an arrangement with ING Bank NV for a bank loan of £18m to be made available, of which £10m had been drawn down at the period end. Subsequently, the facility with ING NV has been renewed and increased to £20m.

The Company may invest through equities, index-linked, equity-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other interests including derivative instruments. Forward transactions, derivatives (including put and call options on individual positions and indices) and participation notes may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. At the period end, the Company held a contract for difference representing 1.5% of its assets.

Management

The Investment Manager and AIFM is Polar Capital LLP and Mr Nick Brind and Mr John Yakas have managed the portfolio since launch.

The Investment Manager is entitled to a fee at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value. 80% of the management fee is charged to the capital account and the remaining 20% to income.

The Investment Manager may also be entitled to a performance fee paid in cash. The fee is equal to 10% of the excess return over the performance fee hurdle. The hurdle is 100p increased or decreased by reference to the return on the Benchmark plus 1.25p per annum. The performance is adjusted for these purposes to take into account the dividends paid by the Company. The fee is calculated and payable at the liquidation of the Company. No performance fee is currently due and no accrual has been made.

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Financial Highlights

For the half year ended 31 May 2015

Performance (total return)

Net asset value (undiluted) per ordinary share (total return) (note 1)	8.3%
Net asset value (diluted) per ordinary share (total return) (note 1)	8.1%
Share price per ordinary share (total return)	7.6%
Benchmark Index*	4.9%

*MSCI World Financials Index (total return in Sterling with dividends reinvested)

Financials

		31 May 2015	30 November 2014	% Change
Net asset value per ordinary share	Undiluted	116.77p	109.06p	7.1%
	Diluted	116.50p	109.06p	6.8%
Share price	Ordinary	107.12p	101.00p	6.1%
	Subscription (note 2)	8.62p	9.38p	(8.1%)
Shares in issue	Ordinary	173,700,000	174,600,000	(0.5%)
	Subscription (note 2)	30,600,000	30,600,000	–

Expenses

Ongoing charges for the half year ended 31 May 2015 (note 3)	1.06%
(Ongoing charges for the half year ended 30 November 2014: 1.09%)	

Dividends

The Company paid/declared the following dividends in the period:

	Pay Date	Amount	Record Date	Ex-Date	Declared date
The Company paid the following dividend relating to the financial year ended 30 November 2014:	27 February 2015	1.35p	13 February 2015	12 February 2015	3 February 2015
The Company declared the following dividend relating to the current financial year:	27 August 2015	1.85p	7 August 2015	6 August 2015	28 July 2015

Note 1 – The total return NAV performance for the period is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date.

Note 2 – Subscription shares were issued free to investors on 1 July 2013 on the basis of one subscription share for every five ordinary shares.

Note 3 – Ongoing charges represents the total expenses of the Company, excluding finance costs, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012.

Data sourced from HSBC Securities Services Limited and Polar Capital LLP.

Chairman's Statement

Performance

During the six months to 31 May 2015 your Company generated an undiluted Net Asset Value total return of 8.3%, significantly ahead of our benchmark, the MSCI World Financial Index (total return with dividends reinvested), which rose by 4.9% over the same period. Since the Company's inception in July 2013 to 31 May 2015, we have achieved an undiluted NAV total return of 23.5%, after fees and expenses, compared to the benchmark return of 23.4%. During this six month period, our fund managers have performed strongly against their benchmark due, in the main, to stock selection. For further details please see the Investment Manager's Report. The price of our ordinary shares closed the period at 107.12p, a rise of 6.1% since the end of the last financial year on 30 November 2014. The share price discount widened slightly, in the period under review, to 8.3%. Meanwhile the price of the subscription shares at the end of May 2015 stood at 8.6p compared to 9.4p at the end of November 2014.

Share Capital

At the end of the period under review, the number of ordinary shares in issue was 173,700,000. This represents a reduction of 900,000 shares during the six month period as the Company continued to purchase ordinary shares in order to assist liquidity and enhance the NAV. The shares were bought back and cancelled at prices between 94.5p and 105.25p.

The Company does not pursue a formal discount control mechanism but the Board monitors the discount and market conditions and determines any appropriate action. The Board will continue to use discretion to enable the Company to buyback further shares as and when it sees fit, in the best interests of all shareholders.

The number of subscription shares in issue remained unchanged during the period at 30,600,000.

Dividends

Having met its stated objective of paying a 3.1p dividend in its first full financial year, the Company's policy of aiming to increase the dividend on an annual basis remains unchanged, although there is no guarantee that this objective can be achieved. The Board monitors, with the Investment Manager, the prospects for dividends from its equity holdings, interest income from cash and fixed income securities, and the potential to earn additional revenue from writing options.

The Board has declared an interim dividend of 1.85p per ordinary share (2014: 1.75p per ordinary share), payable on 27 August 2015 to shareholders on the register on 7 August 2015.

Outlook

The period under review has seen improved sentiment towards global financial companies, and in particular banks, following last year's de-rating. The wider market faces event risks, for example from continued unpredictable strains within the Eurosystem, or the pending reversal of the secular decline in interest rates and yields in the US and UK. Some residual litigation risk for banks in Europe and the US can also not be discounted. However, the Board is encouraged by the underlying improvements that have become increasingly evident over the last year. In general, earnings are improving, balance sheets are strengthening, and provisioning and loan losses are declining. The quality of earnings is also improving, in particular in financial institutions in the West as they move away from capital intensive, high risk non-recurrent income to fee and commission income, and asset and wealth management annuity income which offer more stable and better quality returns on capital. In some countries there is also the prospect of higher net income margins as interest rate cycles reverse and easy money is withdrawn. The dislocation across traditional banking sectors in countries such as the UK has also thrown up opportunities for new entrant challenger or specialist lender banks. Without legacy issues and taking up the space vacated by traditional lenders, the prospects for these emerging players are very encouraging. Our managers have been proactive in identifying these opportunities.

Finally, the general expansion of earnings across the sector provides a supportive backdrop for our target of growing dividends for our shareholders.

Robert Kyprianou

Chairman

28 July 2015

Investment Manager's Report

For the half year ended 31 May 2015

Performance

The six month period covered by this report was another excellent one for equity markets with the MSCI World Index rising by 6.1%*. US, European and Japanese equity markets posted strong gains, the latter particularly so, rising by 5.0%, 6.3% and 17.3% respectively as illustrated by the S&P 500 Index, the STOXX Europe 600 Index and the Topix Index. Against this background, while financials performed well they lagged the underlying rise in equity markets with our benchmark index, the MSCI World Financials Index, rising by 4.9%.

Despite this headwind the Trust's net asset value rose by 8.3%, outperforming both our benchmark index and the MSCI World Index. This strong performance was largely driven by stock selection over and above the geographic and sector positioning of the portfolio. Nevertheless having no exposure to Australian banks and limited exposure to Canadian banks and REITs (real-estate investment trusts) did help performance. Conversely our higher exposure to the euro and lower exposure to the US dollar versus the benchmark index impacted negatively on our relative performance.

Market Review

As highlighted above, equity markets performed well over the last six months in what was quite an extraordinary period for financial markets. There was a sharp fall in the oil price, fears of deflation in Europe, a fall in government bond yields resulting in many trading on negative yields and significant volatility in some currencies. The election of Syriza in Greece and subsequent impasse in talks with its international creditors raising concerns about the impact of a so-called 'Grexit' led to a sharp fall in the Greek stockmarket. In contrast the Chinese equity market surged by over 70%.

The fall in the oil price resulted in the share prices of banks in oil dependent economies falling. In Texas where we have no exposure and Norway where our largest holding is DNB, Norway's largest bank, share prices have since recovered, going on to hit all-time highs in the latter instance despite the oil price only having partially recovered the sharp fall it suffered. History would suggest that losses should be very manageable. Texas, for example, suffered a surge in bank failures in the 1980s following the collapse in oil prices but this was almost entirely due to their exposure to commercial real estate and construction loans as opposed to the oil industry.

Sterling was stronger against a number of currencies. Outside the weakness in some emerging market currencies, the euro was very weak as was the

Canadian dollar, the Norwegian krone and the Swedish krone albeit to a smaller extent. Conversely the surprise decision in January by the Swiss National Bank to remove the cap on the Swiss franc versus the euro resulted in it rallying sharply on the day of the announcement and although it did give up a significant portion of its initial gains against sterling it was still stronger over the period.

Notwithstanding the concern over the failure of the Greek government and the Troika, namely the European Union, the European Central Bank (ECB) and the International Monetary Fund (IMF), to reach agreement, European banks, where the Trust has a large number of holdings, performed well. This was in part on the back of improving economic data underpinned by the ECB announcing that it would purchase €60bn of government bonds per month as part of a quantitative easing programme. Support also came from the expectation there would be a sharp increase in the capital return from the sector underpinned by a number of banks announcing better than expected dividends. The latest ECB Lending Officers Survey being the most upbeat since 2007 also helped to improve sentiment towards the sector.

US banks performed well, post an initial sell-off at the beginning of the year on weaker economic data and the expectation that the Federal Reserve would be slower to raise interest rates. US banks are seen as beneficiaries of rising interest rates and, conversely, flat to lower interest rates would be negative for them as they would result in narrow net interest margins. Regional banks, such as First Republic and EastWest Bancorp, performed even better as some are seen as more interest rate sensitive while also benefiting from stronger loan growth. Conversely US REITs performed less well as higher interest rates are seen as unhelpful for their valuations.

In the last six months two more so-called 'UK challenger' banks, Aldermore and Shawbrook, have floated. Along with One Savings Bank, all three in which the Trust has holdings, have performed well reflecting their high profitability and strong loan growth relative to peers while larger UK banks remain distracted by legacy issues. All three focus primarily on small business and property lending such as buy-to-let. Arguably the bigger challenge to the sector will be the impact from technology with new entrants clearly trying to disrupt both the origination and distribution of financial services. It remains to be seen how successful they will be as some of the high valuations attached to recent IPOs have appeared excessive.

* All performance figures are total return in sterling

Investment Manager's Report continued

For the half year ended 31 May 2015

In May a number of banks settled with regulators with respect to outstanding foreign exchange (FX) market manipulation investigations. JP Morgan, Citigroup, Barclays and Royal Bank of Scotland, the latter not held by the Trust, agreed to pay over US\$5bn in fines, adding to fines that were paid towards the end of 2014 to other regulators. UBS paid a much smaller amount, having previously received conditional immunity for its cooperation. Following the announcement banks involved saw their share prices rise, underpinning our view that the concerns regarding litigation have been massively overstated.

The shocking behaviour of a small number of traders understandably received huge media coverage, for example on the front page of the Financial Times (FT) and in much greater detail inside the paper, peppered with colourful quotes from the traders involved, as well as a week before when rumours broke as to the potential size of the fines. In contrast, shortly afterwards, a Canadian court ordered three tobacco companies (including British American Tobacco) to pay damages of c.US\$15.6bn, a multiple of the FX fines but the story was relegated to the bottom left of page 16 of the FT the following day.

There was a wider dispersion of returns from emerging markets and the opportunity was taken to reduce the Trust's exposure by selling holdings in the likes of Bank Rakyat Indonesia and Security Bank of the Philippines on the back of strong performance. We also sold or reduced holdings in Eastern Europe including Bank of Georgia and TBC, both Georgian banks, and TSKB, a Turkish bank, where we perceived that the risk-reward ratio was less attractive relative to opportunities we were seeing in developed markets.

Outlook

At the time of writing equity markets have recovered most of the falls related to the closure of banks in Greece and imposition of capital controls, following the decision by Eurozone leaders to offer Greece a third bailout. This has also led to a sharp bounce in the equity markets of Spain and Italy which were both seen as susceptible to further contagion.

European banks have very little direct exposure to Greece and importantly Greek government bonds are almost entirely held by the ECB, the IMF and Greek banks themselves. Economically therefore, should the situation deteriorate again, there should be limited impact. Furthermore, the ECB has stated its willingness to intervene if necessary, the implication being it would increase its purchase of government bonds. As a result we would be surprised if there was further significant weakness in financial markets.

Against this background the Trust's portfolio remains well diversified and despite the recent volatility in equity markets we remain very positive on the outlook. Valuations remain undemanding and arguably very cheap for many European stocks where the Trust has its largest geographic positioning. Improving economic data underlies our positive view and increasing capital return should help underpin improving sentiment towards the sector as outstanding legacy issues are resolved for the very small number of banks where they remain an issue.

Nick Brind & John Yakas

28 July 2015

Portfolio Review

As at 31 May 2015

					Market Value		% of total net assets	
					31	30	31	30
					May	November	May	November
					2015	2014	2015	2014
		Sector	Geographical Exposure					
1	(2)	JP Morgan Chase	Banks	North America	6,251	5,572	3.1%	2.9%
2	(29)	ING Groep Certificates	Banks	Europe	5,916	3,046	2.9%	1.6%
3	(3)	Wells Fargo	Banks	North America	5,775	5,482	2.8%	2.9%
4	(24)	Sumitomo Mitsui Financial	Banks	Japan	5,089	3,273	2.5%	1.7%
5	(4)	ACE	Insurance	Europe	4,885	5,112	2.4%	2.7%
6	(14)	Intesa Saopaolo	Banks	Europe	4,665	3,869	2.3%	2.0%
7	(1)	PNC Financial Services	Banks	North America	4,640	5,585	2.3%	2.9%
8	(15)	KBC	Banks	Europe	4,559	3,808	2.2%	2.0%
9	(7)	Sampo	Insurance	Europe	4,328	4,437	2.1%	2.3%
10	(10)	Citigroup	Banks	North America	4,254	4,136	2.1%	2.2%
Top 10 investments					50,362		24.7%	
11	(8)	UBS	Banks	Europe	4,235	4,392	2.1%	2.3%
12	(16)	Barclays	Banks	United Kingdom	4,183	3,800	2.1%	2.0%
13	(36)	OneSavings Bank	Banks	United Kingdom	4,169	2,761	2.1%	1.4%
14	(6)	Société Générale	Banks	Europe	3,971	4,597	2.0%	2.4%
15	(32)	Blackstone	Diversified Financials	North America	3,904	2,910	1.9%	1.5%
16	(20)	Azimut	Diversified Financials	Europe	3,899	3,409	1.9%	1.8%
17	(12)	BNP Paribas	Banks	Europe	3,878	4,032	1.9%	2.1%
18	(50)	East West Bancorp	Banks	North America	3,795	2,054	1.9%	1.1%
19	(23)	Direct Line Insurance	Insurance	United Kingdom	3,794	3,313	1.9%	1.7%
20	(5)	Discover Financial Services	Diversified Financials	North America	3,724	4,814	1.8%	2.5%
Top 20 investments					89,914		44.3%	
21	(11)	DNB	Banks	Europe	3,606	4,065	1.8%	2.1%
22	(13)	US Bancorp	Banks	North America	3,602	3,882	1.8%	2.0%
23	(9)	Toronto-Dominion Bank	Banks	North America	3,554	4,299	1.8%	2.3%
24	(17)	Marsh & McLennan	Insurance	North America	3,435	3,614	1.7%	1.9%
25	(18)	Fortune REIT	Real Estate	Asia (ex Japan)	3,302	3,528	1.6%	1.9%
26		Oversea-Chinese Banking Corporation	Banks	Asia (ex Japan)	3,221	–	1.6%	–
27	(28)	Frasers Commercial Trust	Real Estate	Asia (ex Japan)	3,211	3,050	1.6%	1.6%
28	(21)	Credit Suisse	Banks	Europe	3,200	3,405	1.6%	1.8%
29	(19)	Swedbank	Banks	Europe	3,143	3,439	1.5%	1.8%
30	(22)	AXA	Insurance	Europe	3,088	3,373	1.5%	1.8%
Top 30 investments					123,276		60.8%	
31	(27)	HSBC	Banks	Asia (ex Japan)	3,040	3,075	1.5%	1.6%
32	(30)	Cembra Money Bank	Diversified Financials	Europe	3,007	3,001	1.5%	1.6%
33	(38)	Ares Capital*	Diversified Financials	North America	2,999	2,865	1.5%	1.6%
34	(33)	First Republic Bank	Banks	North America	2,975	2,877	1.5%	1.5%
35	(31)	Main Street Capital	Diversified Financials	North America	2,870	2,945	1.4%	1.5%
36	(47)	Novae	Insurance	United Kingdom	2,870	2,216	1.4%	1.2%
37		Banca IFIS SpA	Banks	Europe	2,816	–	1.4%	–
38	(34)	Siam Commercial Bank	Banks	Asia (ex Japan)	2,702	2,813	1.3%	1.5%
39	(39)	P2P Global Investments	Fixed Income	Fixed Income	2,646	2,607	1.3%	1.4%
40	(43)	Solar Capital	Diversified Financials	North America	2,631	2,463	1.3%	1.3%
Top 40 investments					151,832		74.9%	

Portfolio Review continued

As at 31 May 2015

			Market Value		% of total net assets		
			31	30	31	30	
			May	November	May	November	
	Sector	Geographical Exposure	2015	2014	2015	2014	
41	(35) Frasers Centrepoint Trust	Real Estate	Asia (ex Japan)	2,626	2,785	1.3%	1.5%
42	(37) Komerčni Banka	Banks	Eastern Europe	2,583	2,627	1.3%	1.4%
43	(26) Jammu & Kashmir	Banks	Asia (ex Japan)	2,546	3,266	1.3%	1.7%
44	(45) E Sun Financial	Banks	Asia (ex Japan)	2,499	2,259	1.2%	1.2%
45	VPC Specialty Lending Investments	Fixed Income	Fixed Income	2,324	–	1.1%	–
46	(25) Allianz	Insurance	Europe	2,322	3,272	1.1%	1.7%
47	(54) Arrow Global	Diversified Financials	United Kingdom	2,301	1,931	1.1%	1.0%
48	(49) Mapletree Comercial	Real Estate	Asia (ex Japan)	2,266	2,080	1.1%	1.1%
49	(48) JZ Capital Partners 6% Conv Bond	Fixed Income	Fixed Income	2,153	2,103	1.1%	1.1%
50	(59) Oaktree Capital	Diversified Financials	North America	2,153	1,774	1.1%	0.9%
Top 50 investments				175,605		86.6%	
51	(51) Lloyds Bank 13% Bond	Fixed Income	Fixed Income	2,125	2,006	1.0%	1.1%
52	Indiabulls Housing Finance	Banks	Asia (ex Japan)	2,066	–	1.0%	–
53	(52) Nationwide Building Society 10.25% Bond	Fixed Income	Fixed Income	2,059	1,970	1.0%	1.0%
54	(55) City of London Investment Group	Diversified Financials	United Kingdom	2,024	1,886	1.0%	1.0%
55	Aldermore	Banks	United Kingdom	1,918	–	0.9%	–
56	(44) CETIP	Diversified Financials	Latin America	1,877	2,262	0.9%	1.2%
57	(54) Investec Bank 9.625% Bond	Fixed Income	Fixed Income	1,844	1,812	0.9%	1.0%
58	(58) Phoenix Life 7.25% Bond	Fixed Income	Fixed Income	1,795	1,789	0.9%	0.9%
59	(60) Barclays Bank 14% Bond	Fixed Income	Fixed Income	1,767	1,753	0.9%	0.9%
60	(65) Friends Life 8.25% Bond	Fixed Income	Fixed Income	1,657	1,323	0.8%	0.7%
Top 60 investments				194,737		95.9%	
61	(46) Cielo	Diversified Financials	Latin America	1,574	2,223	0.8%	1.2%
62	American Express	Diversified Financials	North America	1,541	–	0.8%	–
63	(63) Sparebank SMN	Banks	Europe	1,503	1,421	0.7%	0.7%
64	Shawbrook Group	Banks	United Kingdom	1,474	–	0.7%	–
65	(41) TBC Bank	Banks	Eastern Europe	1,411	2,539	0.7%	1.3%
66	(61) Old Mutual 8% Bond	Fixed Income	Fixed Income	1,143	1,648	0.6%	0.9%
67	(64) Hellenic Exchanges	Diversified Financials	Eastern Europe	1,132	1,364	0.6%	0.7%
68	Summarecon Agung Tbk PT	Real Estate	Asia (ex Japan)	1,117	–	0.6%	–
69	(66) Sparebank SR Bank	Banks	Europe	930	1,255	0.5%	0.7%
70	(69) Atom Bank (unquoted)	Banks	United Kingdom	500	500	0.2%	0.3%
71	CETIP rights	Diversified Financials	Latin America	–	–	–	–
Total investments				207,062		102.1%	
Other net liabilities**				(4,237)		(2.1%)	
Total assets				202,825		100.0%	

* The total market exposure to Ares Capital is £2,999,000. This is comprised of a contract difference with the national market value of £2,746,000 and shares to the value of £253,000

** Includes Ares Capital contract for difference notional liability totalling £2,935,000

Figures in brackets denote the comparative ranking as at 30 November 2014.

Geographical Exposure	Company		Benchmark	
	31 May 2015	30 November 2014	31 May 2015	30 November 2014
North America	28.8%	32.1%	50.1%	51.1%
Europe	31.4%	29.0%	19.5%	19.8%
Asia (ex Japan)	14.1%	14.5%	12.4%	12.4%
United Kingdom	11.4%	10.0%	9.6%	9.4%
Fixed Income	9.6%	9.2%	–	–
Eastern Europe	2.6%	5.4%	–	–
Latin America	1.7%	2.4%	–	–
Japan	2.5%	1.7%	8.4%	7.3%
Other net liabilities	(2.1%)	(4.3%)	–	–
Total	100.0%	100.0%	100.0%	100.0%

Sector Exposure	Company		Benchmark	
	31 May 2015	30 November 2014	31 May 2015	30 November 2014
Banks	56.6%	53.6%	47.8%	47.1%
Diversified Financials	17.6%	22.1%	17.8%	18.2%
Insurance	12.1%	13.3%	19.8%	19.7%
Fixed Income	9.6%	9.2%	–	–
Real Estate	6.2%	6.1%	14.6%	15.0%
Other net liabilities	(2.1%)	(4.3%)	–	–
Total	100.0%	100.0%	100.0%	100.0%

Market Cap	31 May 2015	30 November 2014
	Large (>US\$5bn)	69.6%
Medium (US\$0.5bn–US\$5bn)	28.4%	27.9%
Small (<US\$0.5bn)	2.0%	3.5%
Total	100.0%	100.0%

Statement of Directors' Responsibilities

Risks and Uncertainties

The Directors consider that the principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, are consistent with those outlined in the Report and Financial Statements for the year ended 30 November 2014.

These principal risks can be summarised as market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk, and differing economic cycles between different markets.

The Investment Manager's report comments on the outlook for market related risks.

The Company's risk management framework is a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by geography, which mitigates risk, but is focused on a single sector which means that the portfolio may be more sensitive to investor sentiment than a non-sector specific investment portfolio.

Directors' Responsibility Statement

The Directors of Polar Capital Global Financials Trust plc, who are listed in the Company Information Section, confirm to the best of their knowledge that:

- the condensed set of financial statements have been prepared in accordance with International Accounting Standard 34 as adopted by the European Union;
- the Interim Management Report (constituting the Investment Manager's report) includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R; and
- in accordance with DTR 4.2.8R there have been no new related party transactions during the six month period to 31 May 2015 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Company during that period. There have been no changes in any related party transaction described in the last annual report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

The half year financial report for the six months ended 31 May 2015 has not been audited or reviewed by the auditors.

The financial report for the six months ended 31 May 2015 was approved by the Board on 28 July 2015 and the responsibility statement was signed on its behalf by Robert Kyprianou, Chairman of the Board.

Robert Kyprianou

Chairman

28 July 2015

Statement of Comprehensive Income

For the half year ended 31 May 2015

	Notes	(Unaudited)			(Unaudited)			(Audited)		
		Half year ended 31 May 2015			Half year ended 31 May 2014			Year ended 30 November 2014		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	2	5,067	–	5,067	4,057	–	4,057	7,002	–	7,002
Other operating income	2	1	–	1	253	–	253	321	–	321
Gains on investments held at fair value		–	11,946	11,946	–	2,744	2,744	–	12,436	12,436
Gains/(losses) on derivatives		–	113	113	–	(153)	(153)	–	(102)	(102)
Other movements on written options		–	–	–	–	(42)	(42)	–	(8)	(8)
Other currency (losses)/gains		–	(82)	(82)	–	2	2	–	(230)	(230)
Total income		5,068	11,977	17,045	4,310	2,551	6,861	7,323	12,096	19,419
Expenses										
Investment management fee		(151)	(603)	(754)	(150)	(598)	(748)	(301)	(1,206)	(1,507)
Other administrative expenses		(264)	–	(264)	(233)	–	(233)	(455)	–	(455)
Total expenses		(415)	(603)	(1,018)	(383)	(598)	(981)	(756)	(1,206)	(1,962)
Profit before finance costs and tax		4,653	11,374	16,027	3,927	1,953	5,880	6,567	10,890	17,457
Finance costs		(22)	(85)	(107)	–	–	–	(17)	(65)	(82)
Profit before tax		4,631	11,289	15,920	3,927	1,953	5,880	6,550	10,825	17,375
Tax		(407)	125	(282)	(411)	135	(276)	(780)	277	(503)
Net profit for the period and total comprehensive income		4,224	11,414	15,638	3,516	2,088	5,604	5,770	11,102	16,872
Earnings per ordinary share (basic) (pence)	3	2.43	6.56	8.99	2.04	1.21	3.25	3.31	6.36	9.67
Earnings per ordinary share (diluted) (pence)	3	2.43	6.56	8.99	2.04	1.21	3.25	3.31	6.36	9.67

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The notes on pages 14 to 16 form part of these financial statements.

Statement of Changes in Equity

For the half year ended 31 May 2015

(Unaudited) Half year ended 31 May 2015

	Called up share capital	Capital Redemption Reserve	Share premium reserve	Special distributable reserve	Capital reserves	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total equity at 1 December 2014	9,036	130	21,946	141,567	14,921	2,815	190,415
Total comprehensive income:							
Profit for the half year ended 31 May 2015	–	–	–	–	11,414	4,224	15,638
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares	–	–	–	–	–	–	–
Shares repurchased and cancelled	(45)	45	–	(880)	–	–	(880)
Equity dividends paid	–	–	–	–	–	(2,348)	(2,348)
Total equity at 31 May 2015	8,991	175	21,946	140,687	26,335	4,691	202,825

(Unaudited) Half year ended 31 May 2014

	Called up share capital	Capital Redemption Reserve	Share premium reserve	Special distributable reserve	Capital reserves	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total equity at 1 December 2013	8,644	–	11,630	144,094	3,819	1,334	169,521
Total comprehensive income:							
Profit for the half year ended 31 May 2014	–	–	–	–	2,088	3,516	5,604
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares	522	–	10,264	–	–	–	10,786
Equity dividends paid	–	–	–	–	–	(1,188)	(1,188)
Total equity at 31 May 2014	9,166	–	21,894	144,094	5,907	3,662	184,723

(Audited) Year ended 30 November 2014

	Called up share capital £'000	Capital Redemption Reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 December 2013	8,644	–	11,630	144,094	3,819	1,334	169,521
Total comprehensive income:							
Profit for the year ended 30 November 2014	–	–	–	–	11,102	5,770	16,872
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares	522	–	10,316	–	–	–	10,838
Shares repurchased and cancelled	(130)	130	–	(2,527)	–	–	(2,527)
Equity dividends paid	–	–	–	–	–	(4,289)	(4,289)
Total equity at 30 November 2014	9,036	130	21,946	141,567	14,921	2,815	190,415

The notes on pages 14 to 16 form part of these financial statements.

Balance Sheet

As at 31 May 2015

	Notes	(Unaudited) 31 May 2015 £'000	(Unaudited) 31 May 2014 £'000	(Audited) 30 November 2014 £'000
Non current assets				
Investments held at fair value through profit or loss		204,316	173,925	195,991
Current assets				
Receivables		1,189	1,109	1,320
Overseas tax recoverable		45	–	37
Cash and cash equivalents		7,839	11,269	3,702
		9,073	12,378	5,059
Total assets		213,389	186,303	201,050
Current liabilities				
Payables		(375)	(1,424)	(400)
Bank loan		(10,000)	–	(10,000)
Fair value of open derivative contracts		(189)	(156)	(235)
		(10,564)	(1,580)	(10,635)
Net assets		202,825	184,723	190,415
Equity attributable to equity shareholders				
Called up share capital		8,991	9,166	9,036
Capital redemption reserve		175	–	130
Share premium reserve		21,946	21,894	21,946
Special distributable reserve		140,687	144,094	141,567
Capital reserves		26,335	5,907	14,921
Revenue reserve		4,691	3,662	2,815
Total equity		202,825	184,723	190,415
Net asset value per ordinary share (pence)	4	116.77	104.25	109.06
Net asset value per ordinary share (diluted) (pence)	4	116.50	104.25	109.06

The notes on pages 14 to 16 form part of these financial statements.

Cash Flow Statement

For the half year ended 31 May 2015

	(Unaudited) Half year ended 31 May 2015 £'000	(Unaudited) Half year ended 31 May 2014 £'000	(Audited) Year ended 30 November 2014 £'000
Cash flows from operating activities			
Profit before tax	15,920	5,880	17,375
Adjustment for non-cash items:			
Gain on investments held at fair value through profit or loss	(11,946)	(2,744)	(12,436)
Scrip dividends received	–	–	(89)
Amortisation on fixed interest securities	19	15	28
Adjusted profit before tax	3,993	3,151	4,878
Adjustments for:			
Purchases of investments, including transaction costs	(20,131)	(25,494)	(63,345)
Sales of investments, including transaction costs	24,179	18,172	42,156
(Increase)/decrease in receivables	(315)	(145)	80
Decrease in payables	(71)	(270)	(117)
Overseas tax deducted at source	(290)	(217)	(446)
Net cash used in operating activities	7,365	(4,803)	(16,794)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)	–	11,801	11,853
Cost of shares repurchased	(880)	–	(2,527)
Loan drawn	–	–	10,000
Equity dividends paid	(2,348)	(1,188)	(4,289)
Net cash generated from financing activities	(3,228)	10,613	15,037
Net increase in cash and cash equivalents	4,137	5,810	(1,757)
Cash and cash equivalents at the beginning of the period	3,702	5,459	5,459
Cash and cash equivalents at the end of the period	7,839	11,269	3,702

The notes on pages 14 to 16 form part of these financial statements.

Notes to the Financial Statements

For the half year ended 31 May 2015

1 General Information

The financial statements comprise the unaudited results for Polar Capital Global Financials Trust plc for the six month period to 31 May 2015.

The unaudited financial statements to 31 May 2015 have been prepared using the accounting policies used in the Company's financial statements to 30 November 2014. These accounting policies are based on International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and the International Accounting Standards Committee ('IASC'), as adopted by the European Union.

The financial information in this half year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The financial information for the period ended 31 May 2015 has not been audited. The figures and financial information for the year ended 30 November 2014 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 November 2014, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Company's accounting policies have not varied from those described in the financial statements for the year ended 30 November 2014.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise stated.

2 Dividends and Other Income

	(Unaudited) For the half year ended 31 May 2015 £'000	(Unaudited) For the half year ended 31 May 2014 £'000	(Audited) For the period ended 30 November 2014 £'000
Investment income			
Revenue:			
UK dividends	628	560	1,067
Overseas dividends	3,711	2,807	4,410
Scrip dividends	–	–	89
Interest on debt securities	594	632	1,269
Dividends on contracts for difference	134	58	167
Total investment income	5,067	4,057	7,002
Other operating income			
Option premium income	–	251	317
Bank interest	1	2	4
Total other operating income	1	253	321

3 Earnings Per Ordinary Share

	(Unaudited) For the half year ended 31 May 2015 £'000	(Unaudited) For the half year ended 31 May 2014 £'000	(Audited) For the period ended 30 November 2014 £'000
Basic earnings per share			
Net profit for the period:			
Revenue	4,224	3,516	5,770
Capital	11,414	2,088	11,102
Total	15,638	5,604	16,872
Weighted average number of shares in issue during the period			
Revenue	174,062,912	172,129,121	174,571,096
Capital	2.43p	2.04p	3.31p
Capital	6.56p	1.21p	6.36p
Total	8.99p	3.25p	9.67p

As at 31 May 2015 there was no dilutive effect on the earnings per ordinary share in respect of the conversion rights attending to the subscription shares as the conversion price was higher than the ordinary share price of the Company.

Notes to the Financial Statements continued

For the half year ended 31 May 2015

4 Net Asset Value Per Ordinary Share

	(Unaudited) For the half year ended 31 May 2015 £'000	(Unaudited) For the half year ended 31 May 2014 £'000	(Audited) For the period ended 30 November 2014 £'000
Undiluted:			
Net assets attributable to ordinary shareholders (£'000)	202,825	184,723	190,415
Ordinary shares in issue at end of period	173,700,000	177,200,000	174,600,000
Net asset value per ordinary share (pence)	116.77	104.25	109.06
Diluted:			
Net assets attributable to ordinary shareholders (£'000)	238,015	219,913	225,604
Ordinary shares in issue at end of period if subscription shares converted	204,300,000	207,800,000	205,200,000
Net asset value per ordinary share (pence)	116.50	105.83	109.94

The diluted net asset value per ordinary share has been calculated on the assumption that 30,600,000 subscription shares in issue are fully converted at 115 pence per share.

The subscription shares offer the right to subscribe for one ordinary share of the Company at 115 pence per share on 31 July 2017.

5 Share Capital

During the six month period to 31 May 2015, 900,000 ordinary shares were repurchased at a cost of £880,000.

6 Dividends

An interim dividend of 1.85 pence per ordinary share will be paid on 27 August 2015 to shareholders on the register at 7 August 2015.

7 Related Party Transactions

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six month period to 31 May 2015.

8 Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Company Information

Directors

Robert Kyprianou, Chairman
Joanne Elliott
Katrina Hart

Company Registration Number

8534332

(Registered in England) The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Investment Manager and AIFM

Polar Capital LLP

16 Palace Street,
London SW1E 5JD

Authorised and regulated by the
Financial Conduct Authority.

Telephone: 020 7227 2700
www.polarcapital.co.uk

Fund Managers

Mr Nick Brind and Mr John Yakas

Secretary

Polar Capital Secretarial Services Limited

represented by Sue Allen, FCIS

Registered Office

16 Palace Street
London SW1E 5JD

Independent Auditors

PricewaterhouseCoopers LLP

Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors

Herbert Smith Freehills LLP

Exchange House
Primrose Street
London EC2A 2HS

Stockbrokers

Panmure Gordon & Co

1 New Change
London EC4M 9AF

Depository, Bankers and Custodian

HSBC Bank Plc

8 Canada Square
London E14 5HQ

Registrars

Equiniti Limited

Shareholders who have their shares registered in their own name, not through a share savings scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and Internet contact details are given below.

In correspondence you should refer to Polar Capital Global Financials Trust plc, stating clearly the registered name and address and if available, the full account number.

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

**Share holder helpline 0800 3134922
(or +44 121 4157047)**

www.shareview.co.uk

Identification Codes

Ordinary shares

SEDOL: B9XQT11
ISIN: GB00B9XQT119
TICKER: PCFT

Subscription shares

SEDOL: B9XQV37
ISIN: GB00B9XV370
TICKER: PCFS

GIIN

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Company Information continued

Electronic Communications

If you hold your shares in your own name you can choose to receive communications from the Company in electronic format. This method reduces costs, is environmentally friendly and, for many, is convenient too.

If you would like to take advantage of Electronic Communications please visit our registrar's website at www.shareview.co.uk and register. You will need your shareholder reference number. If you agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post you will receive an e-mail providing the website address where the documents can be viewed and downloaded. Paper copies will still be available on request.

Share Prices and Net Asset Values

The Company's undiluted Net Asset Value (NAV) is normally released to the London Stock Exchange daily, on the next working day, following the calculation date. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange Website:

www.londonstockexchange.co.uk

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service and published on the Company's Website.

Company Website

www.polarcapitalglobalfinancialstrust.com

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the Investment Manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can be obtained from various different sources including:

www.theaic.co.uk

www.ft.com/markets

www.londonstockexchange.co.uk



The company is a member of the Association of Investment Companies

www.theaic.co.uk

Warnings to Shareholders

Past performance is no guarantee of future performance. The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests, and by the supply and demand for the Company's shares.

As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.

Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Boiler Room Scams

We are aware that some shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

The Financial Conduct Authority ('FCA') estimates that share fraud costs around £200m a year through high pressure techniques that persuade investors to enter into transactions involving shares. If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you. You can report an unauthorised firm using the FCA helpline on 0845 606 1234 or 0800 111 6768 or by visiting their website, which also has other useful information, at www.FCA.org.uk

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation; and
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. Details of any share dealing facilities that the company endorses will be included in company mailings.

More detailed information on this or similar activity can be found on the FCA website.

Forward-looking Statements

Certain statements included in this half year Report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Annual Report for the financial year ended 30 November 2014. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Financials Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

Investing

Market Purchases

The ordinary and subscription shares of Polar Capital Global Financials Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Share Dealing Services

The Company has arranged for Shareview Dealing, a telephone and Internet share sale service offered by Equiniti to be made available.

For telephone sales call 0800 876 6889 (or +44 121 415 7047) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

For Internet sales log on to www.shareview.co.uk/dealing

There are a variety of ways to invest in the Company however this will largely depend upon whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice: Private Client Stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from the Wealth Management Association at www.thewma.co.uk

Company Information continued

Financial Advisers

For investors looking to find a financial adviser, please visit www.unbiased.co.uk

Financial Advisers who wish to purchase shares for their clients can also do so via a growing number of platforms that offer investment trusts including Alliance Trust Savings, Ascentric, Nucleus, Raymond James, Seven IM and Transact.

For those investors who are happy to make their own investment decisions:

Online Stockbroking Services

There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services Alliance Trust Savings, Barclays Stockbrokers, Halifax Share Dealing, Hargreaves Lansdown, Selftrade and TD Waterhouse.

Please remember that any investment in the shares of Polar Capital Global Financials Trust either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Global Financials Trust is allowed to borrow against its assets and this may increase losses triggered by a falling market, however the Company may increase or decrease its borrowing levels to suit market conditions.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Polar Capital Global Financials Trust plc is an investment trust and as such its ordinary and subscription shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply.

