Polar Capital Global Financials Trust plc

Trust Fact Sheet

31 December 2014

Trust Facts

Ordinary Shares

Share Price	98.00p
NAV (undiluted) per share	106.66p
Premium	-
Discount	-8.12%
Capital	174,600,000 shares of 25p

Subscription Shares[1]

Share Price	7.95p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

Assets & Gearing[2]

Total Net Assets	£186.2m
AIC Gearing Ratio	3.60%
AIC Net Cash Ratio	0.00%

Dividends Declared (p/share)

July 2014	1.75
March 2014	0.68

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.

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	-2.97	-2.97	-4.29	-3.21	0.42
■ NAV (undiluted per Share)	-2.25	1.59	5.42	6.49	11.42
■ MSCI World Financials Index	-0.99	5.47	9.23	9.58	16.50

Discrete Performance (%)

	28/11/14 31/12/14	29/11/13 28/11/14	30/11/12 29/11/13	30/11/11 30/11/12	30/11/10 30/11/11
Ordinary Share Price	-2.97	-2.14			
NAV per Share	-2.25	9.86			
MSCI World Financials Index	-0.99	10.98			

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 LLP 4 Matthew Parker Street, London SW1H 9NP

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

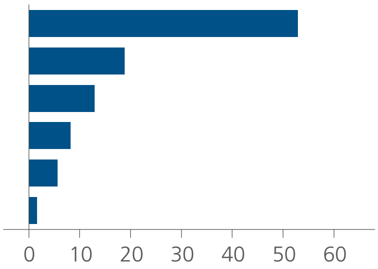
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 December 2014

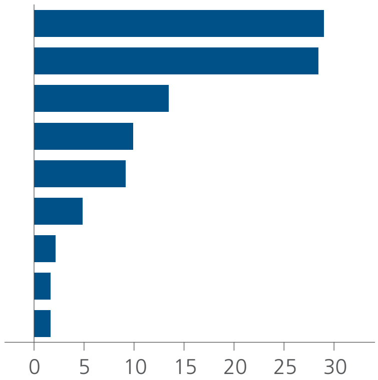
Sector Exposure (%)

Banks	52.9
Diversified Financials	18.8
Insurance	12.9
Fixed Income	8.1
Real Estate	5.6
Cash	1.6



Geographic Exposure (%)

Europe	29.0
North America	28.4
Asia Pac (ex-Japan)	13.4
UK	9.9
Fixed Income	9.1
Eastern Europe	4.8
Latin America	2.1
Japan	1.6
Cash	1.6



Top 15 Holdings (%)

PNC	3.0
JPMorgan	3.0
Wells Fargo	2.8
ACE	2.6
Discover Financial Services	2.5
Sampo	2.2
UBS Group AG	2.1
Citigroup	2.1
Toronto-Dominion	2.1
US Bancorp	2.0
Barclays	1.9
BNP Paribas	1.9
KBC Groep	1.9
Marsh & McLennan	1.9
Intesa Sanpaolo SpA	1.8
Total	**33.8**
Total Number of Positions	**70**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	67.1
Medium (US$ 0.5bn - 5bn)	29.2
Small (less than US$ 0.5bn)	3.6

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 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.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 31 December 2014

Equity markets finished the year on a weak note, falling in December over a mixture of concerns including the continued fall in oil prices and the increasing likelihood that there would be snap elections in Greece in the new year. Against this background, financials outperformed. US financials were almost the only exception in seeing positive returns, otherwise most financials, especially after adjusting for currency falls, were much weaker. The Trust remains significantly underweight US financials which will continue to affect our performance if they continue to outperform other equity markets as significantly as they have done recently.

Despite better economic data during the month (for example, the Citigroup Economic Surprise Index for Europe rose over the month), the perception that the European economic outlook remains moribund continues to weigh on sentiment, and European financials were very weak over the month. While there is some risk that share prices could fall further if the European Central Bank (ECB) disappoints markets in the timing and size of any of its actions, it should be remembered that over the last five years European financials have underperformed their US peers by around 85.0%.

We believe the fall in the oil price should be a net positive for equity markets and the sector, but the fall has been significant enough that the banking sector is unlikely to get away completely unscathed. It has been surprising that so far there is very little anecdotal evidence of losses in any bank let alone amongst hedge funds. Losses, however, should be limited but the unknown is which, if any, banks will surprise markets and by how significant such losses will be, as the fall in the oil price so far has been over such a short duration.

Why should losses be limited? If growth picks up as a result of the fall in oil prices, then that will help reduce losses and increase recoveries elsewhere on loan books to offset any losses resulting from loans to the oil and related industries. If the fall is temporary then losses are likely to be even more limited as companies directly exposed to movements in oil prices are normally forced to hedge their exposure for up to 24 months. As a result, within commercial loan books any losses are more likely to arise from small businesses that supply the ‘picks and shovels’ or service the industry in the short-term.

While disclosure is limited, what there is suggests that DNB, Norway’s largest bank, has the largest exposure to the oil industry (but this is limited to a high-single digit percentage exposure), followed surprisingly by Standard Chartered, with a mid-single digit exposure, and with other banks falling below that level. On this basis alone, losses should be very manageable. Norwegian and Texan banks have seen some weakness in their share prices (Texas suffered a surge in bank failures in the 1980s following the collapse in oil prices in the early 1980s but this was almost entirely due to their exposure to commercial real estate and construction loans as opposed to the oil industry).

However, the largest falls in share prices have instead been from those banks exposed to Russia, in particular Raiffeisen, but also Société Générale. Similarly, there are concerns about BBVA which is exposed to Venezuela. Currency falls, however, have arguably had a more significant impact. The Norwegian Krone has fallen around 20% this year versus the US Dollar as have the currencies of other countries that are reliant on commodities. As has been covered extensively in the media, the Rouble has seen a significant collapse in its value.

So if there are unexpected losses, where do we believe they might emanate from? It will most likely be the investment banks. They are most exposed to the high yield market where, anecdotally, underwriting standards had weakened and bond prices have since fallen sharply. But trading books are smaller than they would have been a few years ago as a result of regulatory changes, so losses should be very manageable. For once management may well be saying a silent ‘thank-you’ to regulators, but only time will tell. It would also be surprising if some losses do not arise from other similarly opaque parts of their businesses (but similarly some banks will have profited).

Our emerging market exposure has been very helpful to performance this year with strong performance from holdings in banks in India, the Philippines and Indonesia, although we have some small holdings in Brazil and Russia which, due to currency weakness, have not performed well. Emerging market banks offer some of the most profitable growth opportunities in the sector although in the shorter term the outlook for emerging markets is becoming more difficult and the strong US Dollar will prove a considerable headwind. As a result, in December we took the opportunity to take some profits, reducing holdings in Bank Rakyat Indonesia and Security Bank, a Philippine bank.

We also reduced our holdings in Société Générale and DNB during the month, the latter on concern that the weakness in the oil price might impact sentiment in the short term more than it has, albeit Norway’s US$850bn sovereign wealth fund means that the country has significant resources to mitigate any economic weakness. We also slightly reduced our holding in Frasers Centrepoint Trust, a Singapore retail-focused REIT. Against these disposals, we added to our holding in ING, the Dutch bank.

The financial sector is undergoing considerable structural change leading to an enormous breadth of opportunities. Unlike the rest of the sector, one where we can see no value is Lending Club, the largest peer-to-peer lender in the US, which had its IPO in December. Peer-to-peer lending remains a niche and although it is growing very fast, it is from a very small base. Lending Club is currently unprofitable but aims to be profitable in two years’ time. Its loan book is around US$2.5bn currently and it generated less than US$250m of revenue over the last 12 months. That compares with a market capitalisation of approximately US$9.0bn.

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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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 benchmarks 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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