Polar Capital Global Financials Trust plc

Trust Fact Sheet
31 May 2017

Trust Facts

Ordinary Shares

Share Price	134.00p
NAV (undiluted) per share	143.47p
NAV (diluted) per share	139.18p
Premium	-
Discount [1]	-3.72%
Capital	172,175,000 shares of 25p

Subscription Shares [2]

Share Price	13.75p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

Assets & Gearing [3]

Total Net Assets	£246.9m
AIC Gearing Ratio	3.09%
AIC Net Cash Ratio	0.00%

Historic Yield (%) **2.65**

Dividends (p/share)

February 2017 (paid)	1.60
August 2016 (paid)	1.95
February 2016 (paid)	1.38
August 2015 (paid)	1.85

Benchmark [5]

MSCI World Financials + Real Estate Index

Fees [4]

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 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

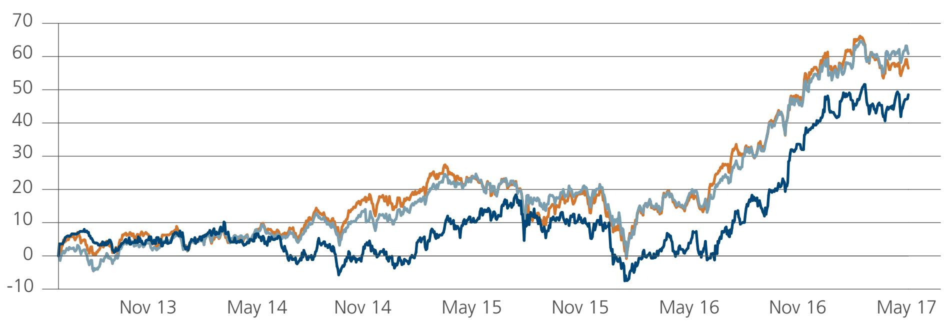
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

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)	2.68	3.08	11.28	41.54	48.53
NAV (undiluted per Share) (TR)	1.00	1.35	9.88	35.10	61.02
Benchmark [5]	0.27	-2.85	5.89	32.92	56.46

Discrete Performance (%)

	30/11/16 31/05/17	30/11/15 30/11/16	28/11/14 30/11/15	29/11/13 28/11/14	01/07/13 29/11/13
Ordinary Share Price (TR)	11.28	21.43	6.22	-2.14	5.75
NAV per Share (TR)	9.88	22.17	5.23	9.86	3.75
Benchmark [5]	5.89	24.47	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. Please note that from 28 April 2017, the discount shown on the factsheet is calculated from the share price to the diluted NAV. On factsheets prior to 28 April 2017, the discount shown was calculated from the share price to the undiluted NAV. Therefore, the discount displayed demonstrates the share price's discount to the NAV in the event that all subscription shares are exercised.
2. 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.
3. Gearing calculations are exclusive of current year revenue.
4. 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.
5. As of August 2016, the MSCI removed Real Estate as a constituent from the MSCI World Financials Index. Benchmark data above illustrating performance of the MSCI World Financials Index after August 2016 continues to include Real Estate as a constituent. The data shown above may diverge from other representations of the MSCI World Financials Index, which may not include Real Estate as a constituent.

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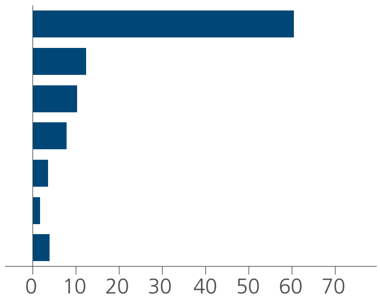
Portfolio Exposure

As at 31 May 2017

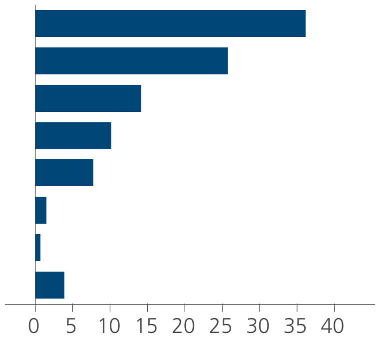
Sector Exposure (%)

Banks	60.4
Insurance	12.3
Diversified Financials	10.3
Fixed Income	7.8
Real Estate	3.6
Software & Services	1.7
Cash	3.9



Geographic Exposure (%)

North America	36.1
Europe	25.7
Asia Pac (ex-Japan)	14.2
UK	10.1
Fixed Income	7.8
Japan	1.5
Latin America	0.6
Cash	3.9



Top 15 Holdings (%)

JPMorgan	3.9
ING Groep	3.5
Chubb	2.9
Bank of America	2.8
Wells Fargo	2.8
BNP Paribas	2.5
Citigroup	2.4
Swedbank	2.2
KBC Groep	2.1
Marsh & McLennan	2.0
Sampo	2.0
PNC	1.9
First Republic Bank	1.8
Toronto-Dominion	1.7
Mastercard	1.7
Total	**36.2**

Total Number of Positions 74

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	77.5
Medium (US$ 0.5bn - 5bn)	18.1
Small (less than US$ 0.5bn)	4.4

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	Spring 2018
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 [2]

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.

Polar Capital Global Financials Trust plc

Fund Manager Comments

As at 31 May 2017

The Trust's net asset value rose by 1.0% in May, continuing the recent trend of outperformance. Against this background our benchmark index, the MSCI World Financials and Real Estate Index, rose by 0.3%. The Trust's outperformance over the last few months has been supported by an underweight position in US and overweight positioning in Europe and emerging markets. Underweight positions in Canada and Australia have also helped.

In a matter of a few months, the Trump rally in US financials has effectively unwound. Albeit while share prices remain higher than they were in November, relative to underlying equity markets they are little changed. Slightly softer economic data and weaker loan growth coupled with concern about the tax reform agenda has led to a fall in US ten-year treasury yields which many use as a proxy for the outlook for interest rates.

Conversely European financial stocks have performed better reflecting the improving macro outlook and reduced political risk. European macro data released in the month reinforced expectations for stronger growth in the region with PMI figures consistent with a broad based recovery. The European Central Bank acknowledged that downside risks to growth are diminishing but inflationary pressures remain subdued.

Reflecting this, in May, our strongest performers were mostly European financial stocks, namely ING Group and KBC Group but Indiabulls, an Indian non-bank financial, also performed well. Our weakest performers included JPMorgan, Commonwealth Bank of Australia and One Savings Bank. US banks have been weak as highlighted above as despite decent first quarter earnings, lack of strong economic growth or progress on legislative agenda has deterred buyers.

Australian banks were weaker on the back of the announcement of a bank levy (tax) which is forecast to hit earnings by mid-single-digit percentage. Australia is the latest of a long list of countries that have raised taxes on the banking sector, including the UK, Belgium, Germany, Poland and Sweden. On top of this, a number of European countries have implemented financial transaction taxes and there is a levy on the banking sector to fund the Eurozone Single Resolution Fund. One Savings Bank's share price fell following a badly executed placing of stock of its largest shareholder and original private equity back.

The recent fall in bond yields and in particular the yields of AT1 securities (bonds that can be written down or converted into equity even while a bank is still solvent) should be very positive for the sector as they can be seen as a proxy for cost of equity. However, equity analysts rarely appear to factor in the price at which credit markets are willing to lend to the banking sector in their analysis despite the fundamental change in how the sector is viewed by credit markets (although some of this undoubtedly reflects the chase for yield).

There are exceptions, with Banco Popular being the standout and one in which we do not have any exposure. Its shares and bonds have effectively been written down to zero following the announcement of its resolution and takeover by Santander (in which we have a holding) following months of speculation about the weakness of its balance sheet. The credit markets have shrugged this off unlike last year when there was concern about Deutsche Bank which led to a sharp correction.

But for the majority of the sector it is very different. As an example, in 2008, at the height of the financial crisis, Barclays issued a 14.0% Tier 1 security in part to help it raise capital. The bond is not an AT1 security (as they had yet to be invented) and the yield at which Barclays had to issue it at implied markets took a dim view of the creditworthiness of Barclays. Not surprisingly by the end of 2010 the yield on this bond had fallen to around 9.0% as recovery in financial markets took hold.

However, the situation today is very different. Barclays has a number of AT1 securities outstanding in Sterling, US Dollars and Euros which were issued on yields ranging from 6.5% to 8.0%. The yields on these bonds all of which would be written down if Barclay's core equity Tier 1 ratio fell below 7.0% (versus over 12.0% currently) at the higher end now average around 5.5% but with a couple significantly below this level.

Conversely the cost of equity assumption assumed by analysts, at around 10.0%, remains unchanged today as it was in 2010. Investors, not surprisingly, are yet to give the sector the benefit of the doubt that it can manage the cycle and generate sufficient returns but if that assumption is ever adjusted to factor in what credit markets are implying then bank shares would be re-rated materially. Either way there appears to be a disconnect between the two.

"It's the economy, stupid" was a phrase attributed to one of Bill Clinton's campaign strategists in his successful US presidential election campaign in 1992 when he beat the incumbent, George H W Bush. With the financial sector, this would not be a bad heuristic as they are a very economically sensitive businesses, albeit at the moment interest rates remain a better indicator of the performance of the sector reflecting the sensitivity of earnings at this point in the cycle.

The catalysts if and when market turns more positive on the outlook for interest rates remain in place. With the valuation upside from higher rates underappreciated by the market (and irrespective of regulatory or tax reform) with tailwinds to earnings from rate normalisation in the US and a broadening economic recovery in Europe, we would expect a focus back on fundamentals and away from politics to be supportive for the sector which continues to trade at attractive valuations.

Nick Brind & John Yakas

8 June 2017

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 23 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 29 years of industry experience.

Polar Capital Global Financials Trust plc

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Benchmarks The following benchmark index is used: MSCI World Financials + Real Estate Index. 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.

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