

## Trust Fact Sheet

31 July 2015



### Trust Facts

#### Ordinary Shares

Share Price	111.50p
NAV (undiluted) per share	115.84p
Premium	-
Discount	-3.75%
Capital	173,700,000 shares of 25p

#### Subscription Shares <sup>1</sup>

Share Price	8.75p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

#### Assets & Gearing <sup>2</sup>

Total Net Assets	£201.2m
AIC Gearing Ratio	1.34%
AIC Net Cash Ratio	0.00%

#### Historic Yield (%)

**2.78**

#### Dividends (p/share)

February 2015 (paid)	1.35
July 2014 (paid)	1.75
March 2014 (paid)	0.68

#### Benchmark

MSCI World Financials Index

#### Fees <sup>3</sup>

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)	3.96	7.21	18.43	16.90	15.88
■ NAV (undiluted per Share) (TR)	2.52	1.45	8.89	15.96	22.54
■ MSCI World Financials Index TR	2.95	-0.46	6.05	13.51	21.77

### Discrete Performance (%)

	28/11/14 31/07/15	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 (TR)	11.98	-2.14	-	-	-
NAV per Share (TR)	7.51	9.86	-	-	-
MSCI World Financials Index TR	3.48	10.98	-	-	-

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees 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.

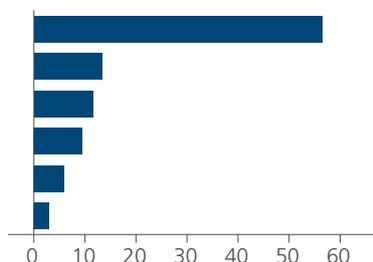
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 31 July 2015

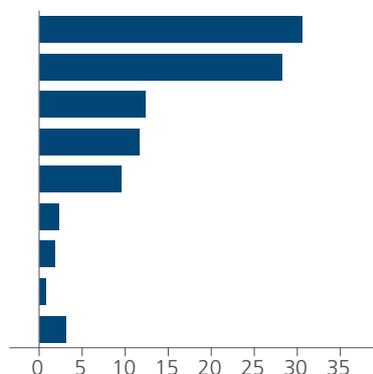
### Sector Exposure (%)

Banks	56.5
Diversified Financials	13.4
Insurance	11.6
Fixed Income	9.5
Real Estate	5.9
Cash	3.0



### Geographic Exposure (%)

Europe	30.5
North America	28.2
Asia Pac (ex-Japan)	12.3
UK	11.6
Fixed Income	9.5
Japan	2.3
Eastern Europe	1.8
Latin America	0.7
Cash	3.0



### Top 15 Holdings (%)

JPMorgan	3.0
ING Groep	2.9
Wells Fargo	2.8
Société Générale	2.4
ACE	2.3
Sumitomo Mitsui Financial	2.3
Citigroup	2.1
KBC Groep	2.1
UBS Group AG	2.1
PNC	2.1
Barclays	2.0
Sampo	2.0
BNP Paribas	2.0
East West Bancorp	1.8
Intesa Sanpaolo SpA	1.8

**Total 33.7**

**Total Number of Positions 70**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	70.0
Medium (US\$ 0.5bn - 5bn)	25.1
Small (less than US\$ 0.5bn)	4.9

## 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.polarcapitalglobalfinancialtrust.co.uk](http://www.polarcapitalglobalfinancialtrust.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](http://www.shareview.co.uk)

### Codes

#### Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

#### Subscription Shares <sup>1</sup>

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 July 2015

Equity markets had a strong month in July, on the back of the agreement by European creditors to give Greece a third bailout, with the MSCI World Index rising by 2.5%. Financials shares outperformed during the month, rising by 2.8% as illustrated by the MSCI World Financials Index. Equity markets and government bond markets of Spain and Italy, in particular, rallied sharply, as they were seen as the most susceptible to further contagion had the crisis deteriorated.

But while US and European financials performed well, Asian financials were weaker over the month impacted by the weakness in the Chinese equity market as well as weaker currencies. Conversely, real-estate investment trusts (REITs) performed extremely well, albeit they have not performed so well over the last six months as higher interest rates are seen as a significant headwind for the sector. Against this background, the Trust's net asset value rose by 2.5%.

While it could be argued that Greek politics has had no meaningful impact on the Fund's performance, (although it has resulted in more volatility in European financial markets), the same cannot be said for the antics of British politicians during the month. The first Conservative government budget in nearly 20 years resulted in some surprise announcements. The stocks affected were One Savings Bank, Aldermore and Shawbrook.

The share prices of all three were hit by the announcement of a UK bank tax. Conservative governments have form in this area, at odds with the perception most would have of them as a party of business. In 1981 Geoffrey Howe, the Chancellor of the Exchequer at the time, introduced a windfall tax on UK banks estimated at around 20% of their annual profits. There was also a windfall tax on the oil industry the following year.

Although the new tax is largely replacing the bank levy, which will reduce over time, it will have a larger impact on the smaller UK banks as they were exempted from the levy. There has been some lobbying to reverse this decision, but assuming this is unsuccessful, we estimate the impact will be around a 6% hit to earnings, so more than manageable.

The Chancellor also announced a reduction in the amount buy-to-let investors can claim as tax relief on mortgage interest. There should be limited impact from this change as most professional property landlords are set up as a limited company (which are unaffected by the changes) or, if not, will have plenty of time to do so before the changes are enacted. Nevertheless, both announcements have temporarily undermined sentiment towards the smaller UK banks.

Our best-performing stocks during the month were Banca Sistema, a small Italian bank which we described in detail in last month's factsheet, Barclays and UBS. We are now over halfway through second-quarter results from European banks and so far have seen a further improvement in operating trends and capital ratios underpinned by the improved macroeconomic outlook. This has also reinforced our positive outlook for dividends.

As highlighted above, US financials outperformed during the month, driven by both large-cap banks and REITs. Second-quarter results generally came ahead of expectations with profitability levels improving, evidence of continued restructuring momentum at Citigroup and Bank of America and continued benign credit quality, although banks did raise their provisions for companies exposed to the energy sector.

Whilst loan growth levels remain low in absolute terms, there were signs of a pick-up in demand with JPM reporting stronger consumer loan growth. Conversely, mid and small-cap banks fell during the month with sentiment affected by delayed expectations for rising interest rates, their higher exposure to the energy sector and some profit taking on the back of their strong performance.

In a group meeting last month with Synchrony Financial, the largest private-label credit card business in the US, which GE is in the process of divesting itself of, a fund manager suggested a new investment style, which he likened to the Wallace & Gromit film 'The Wrong Trousers'. To the perplexed audience, he explained that he did not think GE was the best operator of many of its businesses. In essence, once a business is freed from the constraints of GE, it would go onto perform extremely well.

While there is probably some truth in this statement, we would argue that GE has actually been a very good owner of its underlying businesses. On the other hand, we would argue banks have tended not to be. For example, Direct Line Group has been an excellent investment for the Trust ever since its divestment from Royal Bank of Scotland having returned approximately 165% since its IPO in 2012. The new management team have been able to cut costs, divest non-core businesses returning the cash to shareholders with the tailwind of lower claims and large reserve releases.

We sold our holding in Cembra Money Bank (formerly GE Money Bank) in July. Cembra is a consumer finance business in Switzerland. A lower-rate-cap is being considered, which would be unhelpful to profitability. It has performed reasonably well and although a solid and extremely well run business it has little growth prospects within its home markets. We think there is better value elsewhere, and surprisingly the shares have not sold off as other consumer finance businesses have a habit of doing when increased regulation is first mooted, as has happened in Poland recently.

During the month we added to our holding in Atom Bank, a start-up UK bank, which recently received its banking licence, and we expect to go live later in the year. We added to our holdings in Bank of America, post better-than-expected results, Societe Generale, a French bank, and Banca IFIS and Banca Sistema (both smaller Italian banks). We also sold our holding in Siam Commercial, one of Thailand's biggest banks in the context of a weakening domestic macro environment.

**Nick Brind & John Yakas**

10 August 2015

### 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.

# Polar Capital Global Financials Trust plc

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