Polar Capital Global Financials Trust plc

Trust Fact Sheet
30 July 2021

Trust Facts

Ordinary Shares

Share Price	162.50p
NAV per share	159.88p
Premium	1.64%
Discount	-
Capital	182,475,000 shares of 5p*

*Excluding Ordinary shares held in treasury.

C Shares

Share Price	97.00p
NAV per share	98.99p
Premium	-
Discount	2.01%
Capital	122,000,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£292.1m
AIC Gearing Ratio	8.47%
AIC Net Cash Ratio	n/a

Historic Yield (%)[2] **2.71**

Dividends (p/Ordinary share)

February 2021 (Paid)	2.00
August 2020 (Paid)	2.40
February 2020 (Paid)	2.00
August 2019 (Paid)	2.40

Benchmark [3]

MSCI ACWI Financials Net Total Return Index (in Sterling)

Fees [5]

Management	0.70%
Performance	10%
Ongoing Charges	1.09%

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 NAV for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the NAV and less than you initially invested.

Subscription shares had a dilutive effect on ordinary shares when the NAV was greater than the conversion price.

NAV refers to the Net Asset Value in all instances.

Company Profile

Investment Objective

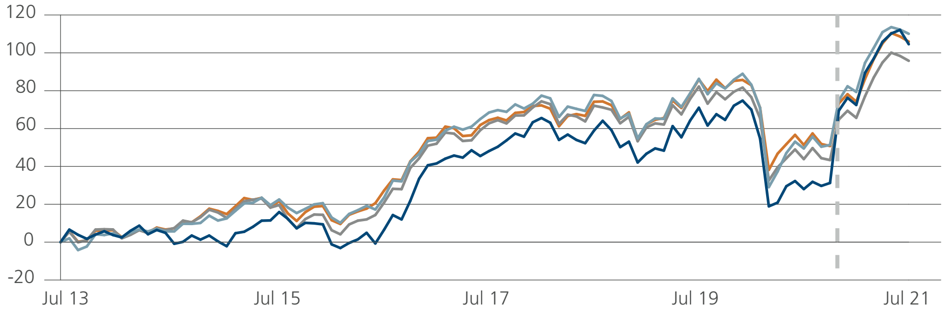
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

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 month	YTD	1 year	3 years	Since Tender [5]	Since Launch
Ordinary Share Price (TR) [6]	-3.56	-0.61	16.06	59.78	28.75	70.96	104.56
NAV per Share (TR)	-1.04	-0.41	15.22	40.55	17.60	60.07	109.02
Benchmark [3]	-1.30	0.46	15.59	36.10	18.25	46.57	105.93
MSCI ACWI Financials (NTR) [4]	-1.30	0.46	15.59	36.10	13.78	46.57	95.80

Discrete Performance (%)[7]

	Financial YTD	31.07.20 30.07.21	31.07.19 31.07.20	31.07.18 31.07.19	31.07.17 31.07.18	29.07.16 31.07.17
Ordinary Share Price (TR)	20.74	59.78	-25.13	7.63	7.27	39.01
NAV per Share (TR)	20.15	40.55	-20.14	4.78	5.51	36.37
Benchmark	18.84	36.10	-18.63	6.78	5.88	29.24
MSCI ACWI Financials (NTR)	18.84	36.10	-21.06	5.89	5.73	34.65

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, net of fees in GBP. Launched on 1 July 2013, the NAV per ordinary share was 98.0p based on the subscription price of 100.0p per ordinary share and including 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. Gearing calculations are exclusive of current year revenue.
2. The Historic Yield reflects distributions declared over the past twelve months as a percentage of the share price, as at the date of this fact sheet. It does not include any initial charge and investors may be subject to tax on their distributions.
3. Benchmark data above illustrates linked performance of the following benchmarks utilised by the Trust: Launch to 31 August 2016: MSCI World Financials Index; 1 September 2016 to 22 April 2020: MSCI World Financials + Real Estate Index; and since 23 April 2020: MSCI ACWI Financials. All indices are net total return (£).
4. The performance of the MSCI ACWI Financials Net Total Return Index (£) excluding Real Estate prior to August 2016 is shown for illustrative purposes only.
5. The tender offer carried out on 22 April 2020 following approval to extend the Company's life indefinitely is represented by the grey dotted line on the performance graph. From 23 April 2020 the performance fee is calculated on outperformance of the benchmark index +1.5% per annum, compounded annually.
6. Ordinary share price (TR) is calculated by reinvesting dividends at relevant ex-dividend dates, not taking into account returns shareholders would have received from the subscription shares issued at launch. Please note subscription shares were subject to a single exercise date being 31 July 2017.
7. The end of the financial year for the Company is the final day of November each year.

Further details can be found in the Reports and Accounts

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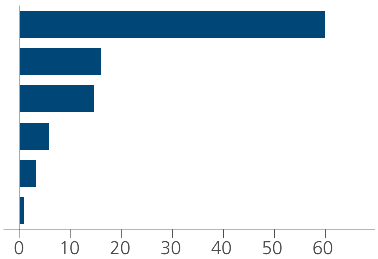
Portfolio Exposure

As at 30 July 2021

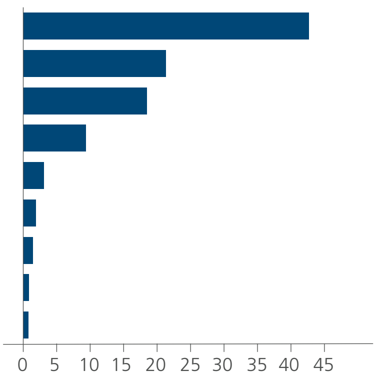
Sector Exposure (%)

Banks	59.9
Insurance	15.9
Diversified Financials	14.5
Software & Services	5.8
Fixed Income	3.1
Cash	0.8



Geographic Exposure (%)

North America	42.7
Europe	21.4
Asia Pacific (ex-Japan)	18.5
UK	9.3
Fixed Income	3.1
Latin America	1.9
Japan	1.4
Eastern Europe	0.9
Cash	0.8



Top 15 Holdings (%)

JPMorgan	5.0
Bank of America	3.2
Arch Capital	2.4
Chubb	2.3
HDFC Bank	2.1
Mastercard	2.1
Citizens Financial Group	2.0
AIA Group	2.0
Blackstone	2.0
BNP Paribas	2.0
UBS Group	2.0
Nordea Bank	1.9
Toronto-Dominion	1.8
OSB Group	1.8
Wells Fargo	1.8
Total	**34.4**

Total Number of Positions **79**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	83.9
Medium (US$ 0.5bn - 5bn)	14.9
Small (less than US$ 0.5bn)	1.2

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	March-May
Trust Term	No fixed life; 5-yearly tender offers
Next Tender Offer	30 June 2025
Listed	London Stock Exchange

Market Purchases

The ordinary 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

C Shares

ISIN	GB00BNG2HN26
SEDOL	BNG2HN2
London Stock Exchange	PCFC

C Shares

The initial issue C Shares are expected to convert to New Ordinary Shares within 5 business days of the Calculation Date, being the business day immediately following the record date for the semi-annual dividend payable in respect of Ordinary Shares which is expected to be announced on or around 5 August 2021. On the Calculation Date for the C Shares, the net assets attributable to the Ordinary Shares then in issue, the net assets attributable to the C Shares issued pursuant to the Initial Issue (including, for the avoidance of doubt, any income accrued to such C Shares) and the resultant Conversion Ratio will be calculated. Holders of the C Shares will receive such number of New Ordinary Shares as results from applying the Conversion Ratio to their holdings in the C Shares on the Conversion Date, with fractions of C Shares being dealt with by the Directors in such manner as they see fit. Following the Calculation Date, the Directors shall procure that the Conversion Ratio and the number of New Ordinary Shares due to each holder of the C Shares is calculated and that fair valuations of the assets attributable to the Company's Ordinary Shares and the C Shares are prepared in accordance with the Company's latest published valuation methodology.

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 30 July 2021

Financials lagged wider equity markets in July as bond yields came under pressure from mixed economic data and the spread of the Delta variant globally, which has resulted in weaker sentiment towards cyclical sectors and therefore financials. Against this background, despite the Trust's overweight position in bank stocks, which underperformed during the month, the fall in net asset value of 1.0%, was less than the 1.3% fall in our benchmark index.

US financials fell by 0.7% over the month, led by banks, despite second quarter results coming in well ahead of expectations, primarily driven by lower provisions for loan losses, due to the write-back of provisions built up in 2020 but, positively, not the sole influence, with fee income showing strength. As a result, earnings' estimates for US banks have risen sharply this year but with net interest income expected to have bottomed this quarter, the first signs of a pick-up in loan growth should be supportive in the second half.

US SMID-cap bank results, where the Trust has a key overweight position, were equally encouraging with asset quality also remaining resilient while revenues were driven by strong loan growth. For example, Silicon Valley Bank grew loans 36%, Signature Bank 21% and First Republic Bank 23% respectively year on year. Growth has been funded by strong inflows of low-cost deposits which has increased all banks' interest rate sensitivity materially.

European financials rose 0.2% in July although, as in the US, the banking sector was relatively weak as concerns around COVID-19 came back into focus. Second quarter GDP rose sharply as restrictions were lifted and domestic spending recovered with the labour market continuing to improve. European banks that announced results before the month end showed similar trends to their US counterparts with provisions for loan losses coming in lower than expected, as well as higher revenues similarly leading to upgrades to earnings.

Asian financials fell 3.2% as regulatory developments in China weighed on sentiment and added to market volatility led by pressure on Chinese stocks. Having initially focused on anti-trust issues with large technology companies in China (Alibaba and Tencent), regulatory scrutiny broadened out in July to other sectors (including education, food delivery and gaming). Along with efforts to reduce the scope for regulatory arbitrage by technology companies as they grow rapidly and expand into new sectors, recent regulatory changes are in keeping with the stated objectives of tackling social inequality (of which rising education costs are a factor and have contributed to a decreasing birth rate).

The ultimate objectives are still unclear and the intervention by Chinese authorities had a destabilising effect on markets and added to growth concerns related to rising COVID-19 infection rates. The Trust is underweight China and we viewed the sharp selloff as an opportunity to add to our holding in AIA Group which offers attractive long-term growth, in particular as new provincial licences are granted in China, and near-term catalysts related to the lifting of COVID-19 restrictions, including a recovery in the Hong Kong offshore market when the border reopens.

During the month the Bank of England, the European Central Bank (ECB) and the Monetary Authority of Singapore all announced the removal of capital return restrictions. While each regulator called on banks to be prudent on payouts in the near term, the return to normality with the removal of restrictions first imposed in March 2020 is a significant positive for the respective banking sectors. Indeed, the ECB even acknowledged that they expect "a number of banks" to pay catch-up dividends from 2019-20, or initiate share buy-back programmes in the fourth quarter.

The ECB's lifting of restrictions, which applies from September 2021, preceded the release of 2021 stress test results. Using more credible assumptions than in previous years, for example with unemployment peaking at 12.1%, came broadly in line with expectations and did not suggest banks' capital return plans would be prohibited. While the market reaction to the lifting of restrictions was muted, we view it as an important development for the sector given the scale of potential capital return (a number of our holdings offer a total return well in excess of 10% to be paid over the next nine months).

July also witnessed the publication of the Bank of England's long anticipated consultation paper on MREL (ie, the minimum amount of bonds that a bank must hold in theory to prevent public money from being used to bail it out if it were to fail). Very little new has been proposed, other than to give smaller banks longer to meet the requirements which will be marginally helpful, and they did not, as had been hoped, raise the threshold at which UK banks would have to comply currently set at £15bn in assets versus €100bn in Europe.

Over the past couple of months as concerns around the reflation story have risen, financials have given back some of the outperformance since the positive vaccine news in November. Nevertheless, we believe the tailwinds remain very positive for the sector over the next couple of years. In our opinion, the recent results have confirmed the resilience of the sector with companies almost without exception beating expectations in addition to the clarity on capital return.

The Federal Reserve's July senior loan officer survey showed a further rise in demand for loans across most categories, with the exception being mortgages. The Bank of England and ECB's surveys released last month also gave a similar message so this should bode well for a pick-up in loan growth in the second half of this year and into 2022. Consequently, with valuations remaining undemanding we remain constructive on the outlook for the sector.

Nick Brind, John Yakas & George Barrow

6 August 2021

Fund Managers

Nick Brind

Fund Manager

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

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 33 years of industry experience.

George Barrow

Fund Manager

George has managed the Trust since 2020, he joined Polar Capital in 2010 and has 13 years of industry experience.

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Benchmarks

The following benchmark index is used: MSCI ACWI Financials Net Total Return Index (in Sterling). 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. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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