# Polar Capital Global Financials Trust plc

# Trust Fact Sheet

28 May 2021

## Trust Facts

**Ordinary Shares**

| | |
|---|---|
| Share Price | 167.00p |
| NAV per share | 162.41p |
| Premium | 2.82% |
| Discount | - |
| Capital | 174,850,000 shares of 5p |

**Assets & Gearing** [1]

| | |
|---|---|
| Total Net Assets | £284.1m |
| AIC Gearing Ratio | 9.33% |
| AIC Net Cash Ratio | n/a |

**Historic Yield (%)**[2] **2.63**

## Dividends (p/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% |

# Company Profile

## Investment Objective

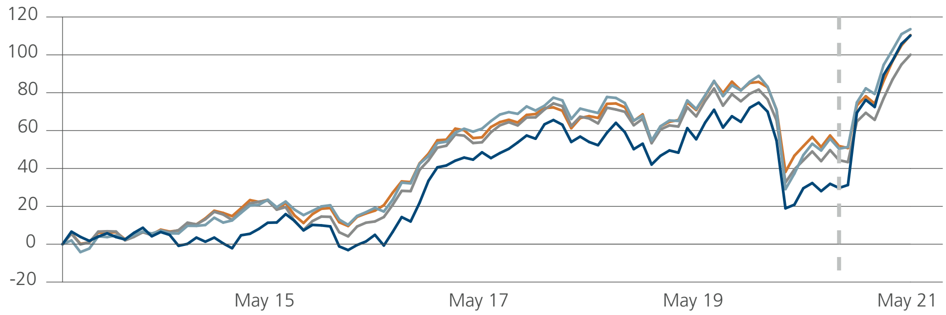
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

## 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] | 2.14 | 10.96 | 19.27 | 62.28 | 36.52 | 75.70 | 110.22 |
| NAV per Share (TR) | 1.25 | 9.70 | 17.14 | 45.02 | 24.71 | 62.73 | 112.50 |
| Benchmark [3] | 2.66 | 13.02 | 18.13 | 38.69 | 25.54 | 49.78 | 110.45 |
| MSCI ACWI Financials (NTR) [4] | 2.66 | 13.02 | 18.13 | 38.69 | 20.24 | 49.78 | 100.09 |

## Discrete Performance (%)

| | 30.11.20 28.05.21 | 29.11.19 30.11.20 | 30.11.18 29.11.19 | 30.11.17 30.11.18 | 30.11.16 30.11.17 |
|---|---|---|---|---|---|
| Ordinary Share Price (TR) [6] | 24.08 | -1.54 | 12.41 | -1.69 | 16.66 |
| NAV per Share (TR) | 22.15 | -6.36 | 10.70 | -1.60 | 16.40 |
| Benchmark [3] | 21.45 | -6.43 | 9.87 | -0.12 | 14.20 |
| MSCI ACWI Financials (NTR) [4] | 21.45 | -8.19 | 7.96 | -0.44 | 15.75 |

**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.

**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.

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.

Further details can be found in the Report and Accounts.

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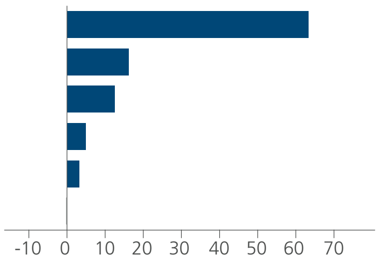
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 28 May 2021

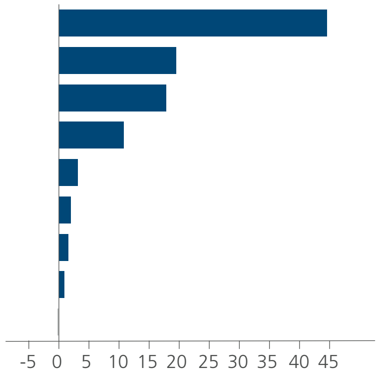
### Sector Exposure (%)

| | |
|---|---|
| Banks | 63.3 |
| Insurance | 16.2 |
| Diversified Financials | 12.6 |
| Software & Services | 4.9 |
| Fixed Income | 3.2 |
| Cash | -0.2 |




### Geographic Exposure (%)

| | |
|---|---|
| North America | 44.5 |
| Europe | 19.5 |
| Asia Pacific (ex-Japan) | 17.8 |
| UK | 10.8 |
| Fixed Income | 3.2 |
| Latin America | 1.9 |
| Japan | 1.6 |
| Eastern Europe | 0.9 |
| Cash | -0.2 |




### Top 15 Holdings (%)

| | |
|---|---|
| JPMorgan | 5.5 |
| Bank of America | 3.6 |
| Chubb | 2.5 |
| Citizens Financial Group | 2.4 |
| Arch Capital | 2.4 |
| BNP Paribas | 2.3 |
| ING Groep | 2.1 |
| HDFC Bank | 2.1 |
| AIA Group | 2.0 |
| Wells Fargo | 1.9 |
| Intesa Sanpaolo | 1.9 |
| Toronto-Dominion | 1.9 |
| Mastercard | 1.9 |
| Citigroup | 1.8 |
| Housing Development Finance | 1.8 |
| **Total** | **36.1** |
| **Total Number of Positions** | **80** |

### Market Capitalisation Exposure (%)

| | |
|---|---|
| Large (greater than US$ 5bn) | 87.9 |
| Medium (US$ 0.5bn - 5bn) | 10.9 |
| Small (less than US$ 0.5bn) | 1.3 |

## 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 |

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 28 May 2021

Financials extended their run of outperformance into an eighth consecutive month in May, supported by positive economic data as expectations for the recovery continued to improve and inflation concerns moved increasingly into focus. Against this background, the Trust's net asset value rose by 1.3%, while its benchmark, the MSCI ACWI Financials Index, rose 2.7% as our holdings in payment companies and non-life insurance held relative performance back. In comparison, the MSCI ACWI Index fell by 0.9% in May.

Over the month, US financials rose 1.8% with US banks outperforming and, while economic data were mixed, they continue to point to a strong recovery. The Fed reiterated its view that the pick-up in inflation is largely transitory although the language used by FOMC members has shifted slightly from, to quote its Chairman, Jerome Powell, in June 2020, of "not even thinking about thinking about raising rates", to ''thinking about what they need to think about before they think about raising interest rates".

Given the prospect of continued momentum in the economic recovery and a strengthening in the labour market at a time when the policy agenda remains highly expansionary (Democrats plan to pass the $1.7trn infrastructure bill this summer), we expect a discussion on tapering by the Fed to begin later this year which we believe should support a further rise in bond yields. With reflationary forces expected to build in the second half along with a recovery in loan demand, we remain overweight the banking sector in the US.

Performance in May was affected by our exposure to payment companies which fell in the month in line with broader weakness in the technology sector. PayPal reported first-quarter results which highlighted the extent to which the health crisis has accelerated the structural shift to online payments with management raising guidance while the business is broadening out from its core payments business. Following a rerating last year, we have reduced exposure to the subsector but continue to see significant long-term growth potential.

European financials rose 3.1% in May supported by currency movements again led by strength in the banking sector where sentiment has been supported by an accelerated pace of vaccinations (37% of the EU population has had at least one dose compared to 49% in the US and 57% in the UK) and a decline in new infections raising the prospect of economic reopening in the summer. The insurance sector lagged, with some signs of moderation in rate-hardening otherwise little news to justify their recent relative underperformance.

European banks have seen a strong recovery since the end of September but remain attractively valued in both absolute and relative terms (trading at a relative P/E of 56% of the broader market versus a historical range of 60-85%). With capital return restrictions expected to be lifted in September (the ECB's François *Villeroy* de Galhau, Governor of the Bank of France, recently made supportive statements to that effect), we expect a reduced regulatory overhang to support the sector and during the month raised our exposure to the region's banking sector.

Asian financials rose 2.3% with relative strength in developed and north Asia, broadly reflecting the development of the health crisis. It has been a difficult few months for a number of Asian countries on the back of rising numbers of COVID-19 cases even though India has generally hit the headlines in view of the high absolute numbers and the severe pressure that its medical and health services are under. The latest data show a peaking in daily cases in India but countries such as Malaysia, Vietnam, Taiwan and Thailand all continue to see rising numbers.

All this has consequently hurt our investments in the region (despite having reduced these materially). More encouragingly, strong export figures have continued throughout the region and this has broadened away from just semiconductors as the global economy has begun to open up again. As seen in western markets, inflation is also rising throughout much of the region, albeit from a low base and with, as yet, few pressures on currencies.

Our worry is that new lockdowns (such as in Malaysia, Taiwan and Vietnam) have yet to feed through into economic data so some further slowdown is to be expected, in particular in terms of domestic demand which is already depressed. Though our exposure to Asia is gradually inching up, it feels too early to make a more material allocation as seen during last year, particularly because much of our exposure is usually to India and south-east Asia (where the best financial sector franchises are located), some of the countries most affected by the current COVID-19 wave.

Looking forward, following the actions of the central bank of Canada to reduce its asset purchases and comments from the Fed, monetary tightening appears to have spread across the Atlantic. While the Czech and Hungarian central banks flagged the possibility of imminent interest rate increases during the month, the Icelandic central bank raised rates by 25bps in May to 1%, following their highest inflation print since early 2013.

As a result, we remain constructive on the outlook for the sector. Financials, in particular banks, remain the most sensitive to rising bond yields. If growth continues to surprise over the course of the year as economies reopen on the back of the rollout of vaccines, then we would expect pressure on bond yields to rise further. Central banks are moving to a phase of thinking about rationing the punch but not yet taking away the bowl itself yet albeit that day will come. Against this background, we believe the sector should continue its recent good relative performance.

**Nick Brind, John Yakas & George Barrow**

8 June 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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