

## Trust Fact Sheet

30 June 2015



### Trust Facts

#### Ordinary Shares

Share Price	107.25p
NAV (undiluted) per share	112.99p
Premium	-
Discount	-5.08%
Capital	173,700,000 shares of 25p

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

Share Price	8.40p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

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

Total Net Assets	£196.3m
AIC Gearing Ratio	3.23%
AIC Net Cash Ratio	0.00%

**Historic Yield (%)** **2.89**

#### 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.

## 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)	0.12	5.67	11.01	6.24	11.47
■ NAV (undiluted per Share) (TR)	-3.22	-0.74	7.27	13.09	19.52
■ MSCI World Financials Index TR	-4.17	-4.07	1.52	10.89	18.27

### Discrete Performance (%)

	28/11/14	29/11/13	30/11/12	30/11/11	30/11/10
	30/06/15	28/11/14	29/11/13	30/11/12	30/11/11
Ordinary Share Price (TR)	7.71	-2.14	-	-	-
NAV per Share (TR)	4.86	9.86	-	-	-
MSCI World Financials Index TR	0.51	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.

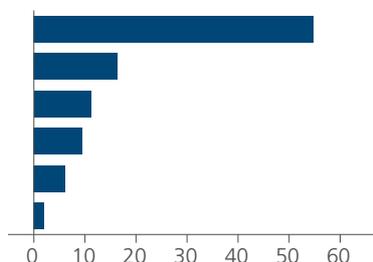
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 30 June 2015

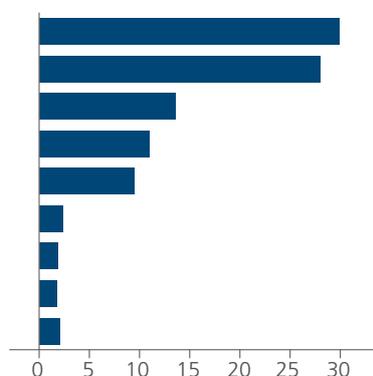
### Sector Exposure (%)

Banks	54.7
Diversified Financials	16.4
Insurance	11.2
Fixed Income	9.5
Real Estate	6.1
Cash	2.1



### Geographic Exposure (%)

Europe	29.9
North America	28.0
Asia Pac (ex-Japan)	13.6
UK	11.0
Fixed Income	9.5
Japan	2.3
Eastern Europe	1.9
Latin America	1.8
Cash	2.1



### Top 15 Holdings (%)

JPMorgan	3.0
ING Groep	2.8
Wells Fargo	2.7
Sumitomo Mitsui Financial	2.3
Intesa Sanpaolo SpA	2.2
ACE	2.2
PNC	2.1
KBC Groep	2.1
Société Générale	2.0
Citigroup	2.0
UBS Group AG	2.0
OneSavings Bank	1.9
Sampo	1.9
Azimut Holding	1.9
East West Bancorp	1.9

**Total 33.0**

**Total Number of Positions 71**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	69.6
Medium (US\$ 0.5bn - 5bn)	28.4
Small (less than US\$ 0.5bn)	1.9

## 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 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

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	GB00B9XQT119
GB00B9XQV370	
SEDOL	B9XQT11
B9XQV37	
London Stock Exchange	PCFT
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 30 June 2015

June was not a good month for financial markets. After adjusting for sterling strength, equity markets were sharply lower, as illustrated by the MSCI World Index which fell 5.1%. There was little shelter during the month with even defensive sectors such as consumer staples and utilities falling 5.0% and 8.1%, respectively. Against this background, financials slightly outperformed, falling by 4.0% using the MSCI World Financials Index as the comparator, with US financials only falling 3.2%. The Trust's net asset value in comparison fell by 3.2%, despite our underweight position in US financials

The Trust's good relative performance over the month was in part due to our holdings in small and mid-cap banks. In particular the share prices of East West Bancorp; First Republic and Pacific Premier, all Californian banks that we own, rose over the month. Aldermore, one of the so-called UK 'challenger banks' was our best performing holding benefitting from a double-digit rise in its share price. Atom Bank, in which we currently have a very small holding, announced that it had secured its banking licence from the Bank of England.

We have been looking to selectively add to our exposure of 'challenger' banks and shortly after month-end, we participated in the IPO of Banca Sistema; an Italian bank, it was formed in 2011 from the merger of SF Trust, owned by Pollen Street Capital, and Banca Sistemi. Banca Sistema specialises in the acquisition of trade receivables, otherwise known as factoring, owned by public sector entities. Factoring is a contract whereby a company sells existing receivables (invoices) resulting from its operations to a third party, generally at a discount, in exchange the purchaser assumes responsibility for the collection of money owed by the sellers customers and often the risk if they do not pay.

Banca Sistema acquires receivables from suppliers to a variety of public entities but the largest by far being the Italian NHS. The average number of days that it takes an Italian public sector entity to pay is 165 days versus, for example, 59 in France and 35 in Germany highlighting the difficulty this creates for their suppliers despite EU efforts to speed up payment and explains why there is particular demand for factoring. The bank has had no credit losses and so is very profitable and is benefiting from very strong growth. On its IPO it was priced at less than a 10 times price-earnings ratio albeit on a relatively high price-to-book ratio reflecting its profitability.

Emerging markets continue to be very much out of favour and have lagged developed markets, albeit two or three of our holdings performed well over the month. Much of the negative sentiment can be attributed to China. During our recent trips to Asia, it is noticeable the extent of slowdown underway (weak manufacturing and commodity exports being key drivers but also some softness in consumer spending). Many countries are hoping for salvation from government spending (arguably less so in China) with numerous plans to improve infrastructure (very much prevalent during a recent visit to Thailand and the Philippines).

Our exposure to emerging markets is the lowest it has been since launch, but we suspect it is too early to take a more positive view yet, partly because we are finding so many more interesting growth prospects in developed markets. Equally, other than perennially cheap markets such as South Korea and China (if you believe the book values they are publishing), we suspect further corrections are needed before we start raising our exposure primarily to reflect the lower growth assumptions.

Greece has been very much in the headlines and, we suspect, will continue to be so since the results of the referendum didn't provide a resolution to the underlying problems. At its core both sides need to compromise since the economy requires both reforms (to liberalise the economy and so put it on a path of sustainable growth) and some debt forgiveness (as even the IMF accepts that the debt sustainability is poor over the medium term and some write-offs are required).

Unfortunately both sides are playing to domestic political agendas and that has been a key stumbling block to compromise and we cannot see what has changed in that regard so expect more tortuous negotiations ahead. We have no exposure to Greece in our portfolio (we did have a very small exposure to Hellenic Exchanges, the operator of the Greek stock exchange but it has since been sold) as we have been concerned that the financial sector being at the epicentre of the crisis would likely need further recapitalisation in due course.

Our principal risk, should the crisis escalate further, is from exposure to the other periphery Eurozone countries. We have no exposure to Spain and Portugal but we do have exposure to Italy, though much of that is in the form of specialist financial stocks which are exhibiting very strong growth and high profitability rather than the larger banks. We have a holding in Intesa SanPaolo, but we would argue that it is strongly capitalised when compared to its peers.

Whereas in 2011/12, many European banks had significant exposure to Greece, as well as to Italy, Spain, Portugal and Ireland, today Greek government bonds are almost exclusively held by the European Central Bank, the International Monetary Fund and Greek banks themselves, so the risk of financial contagion should be contained. While we think any significant sell-off is unwarranted, we would expect the European Central Bank to step in quickly should it need to and we would see it as an opportunity to increase exposure to the sector.

**Nick Brind & John Yakas**

7 July 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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