Polar Capital Global Financials Trust plc

Trust Fact Sheet
29 December 2017

Trust Facts

Ordinary Shares

Share Price	145.00p
NAV (undiluted) per share	146.77p
NAV (diluted) per share	146.77p
Premium	-
Discount	-1.21%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£297.6m
AIC Gearing Ratio	2.96%
AIC Net Cash Ratio	0.00%

Historic Yield (%) 2.55

Dividends (p/share)

August 2017 (paid)	2.10
February 2017 (paid)	1.60
August 2016 (paid)	1.95
February 2016 (paid)	1.38

Benchmark [4]

MSCI World Financials + Real Estate Index

Fees [2, 3]

Management	0.85%
Performance	10%
Ongoing Charges	1.02%

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

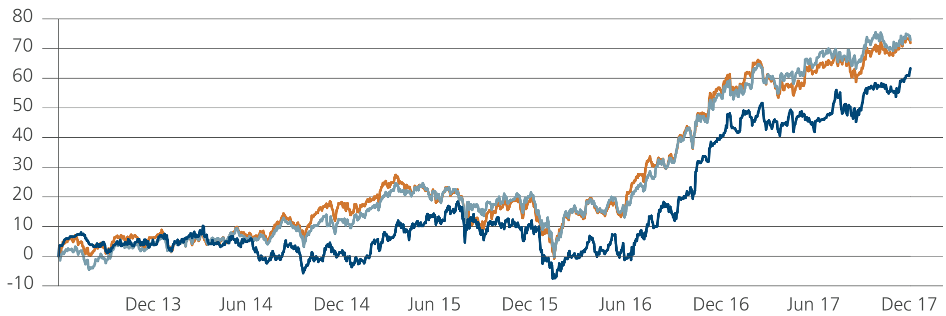
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

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) [5]	4.88	6.23	12.26	16.16	63.31
NAV (undiluted per Share) (TR)	1.49	2.53	4.91	12.85	73.12
Benchmark [4]	1.87	4.63	6.19	10.97	71.90

Discrete Performance (%)

	30/11/17 29/12/17	30/11/16 30/11/17	30/11/15 30/11/16	28/11/14 30/11/15	29/11/13 28/11/14
Ordinary Share Price (TR) [5]	4.88	16.66	21.43	6.21	-2.14
NAV per Share (TR)	1.49	16.40	22.17	5.23	9.86
Benchmark [4]	1.87	14.20	24.47	0.88	10.98

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. Gearing calculations are exclusive of current year revenue.
2. The performance fee is on any outperformance over a hurdle of the index +1.25 pence per annum. Further details can be found in the Report and Accounts and Prospectus.
3. Ongoing charges calculated at the latest published year end date, excluding any performance fees.
4. 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.
5. Ordinary share price (TR) does not take into account returns shareholders would have received from the subscription shares that they were issued with at launch. Please note that the subscription shares issued at the time of launch were subject to a single exercise date being 31 July 2017.

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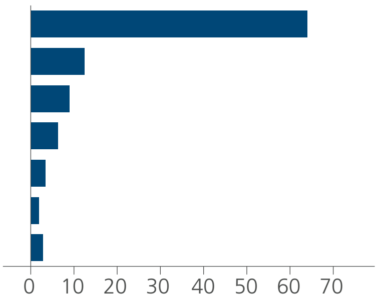
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 29 December 2017

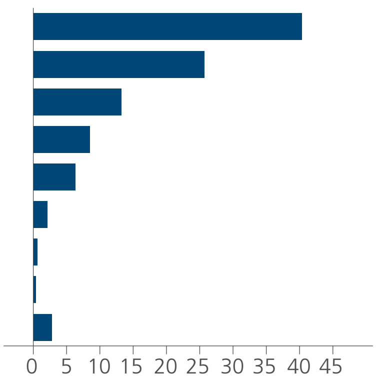
Sector Exposure (%)

Banks	64.0
Insurance	12.5
Diversified Financials	9.0
Fixed Income	6.3
Real Estate	3.4
Software & Services	1.9
Cash	2.8



Geographic Exposure (%)

North America	40.3
Europe	25.7
Asia Pac (ex-Japan)	13.3
UK	8.5
Fixed Income	6.3
Japan	2.1
Latin America	0.6
Eastern Europe	0.4
Cash	2.8



Top 15 Holdings (%)

JPMorgan	4.7
Bank of America	3.9
ING Groep	3.4
Wells Fargo	3.4
BNP Paribas	2.8
Chubb	2.7
Citigroup	2.6
KBC Groep	2.1
Sumitomo Mitsui Financial	2.1
PNC	2.1
KeyCorp	2.0
Toronto-Dominion	2.0
Sampo	2.0
Marsh & McLennan	2.0
Mastercard	1.9
Total	**39.7**

Total Number of Positions **72**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	78.8
Medium (US$ 0.5bn - 5bn)	19.1
Small (less than US$ 0.5bn)	2.0

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

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 29 December 2017

The Trust's net asset value rose by 1.5% in December and over the year increased by 12.9% outperforming the benchmark by 1.9%. In comparison the MSCI World Index rose by 11.7%. Overall in 2017 we would have hoped that financials would have outperformed equity markets in view of their sensitivity to rising interest rates and attractive valuations, but they have barely made a dent in their ten-year under-performance. Despite the absolute rise this year, the sector remains materially under-valued against the broader market so for those investors with little exposure, there remains an attractive opportunity ahead.

Although the biggest contributors to returns, over the year, came from some of our largest US and European bank holdings the strongest performance during the year came from our holdings in Indian banks. Although we have had a small exposure, with the benchmark having little exposure to emerging markets and very biased to the US, we are always overweight Asia and so have benefited from this rise although with hindsight we should have had greater exposure to areas we historically avoid such as Korean banks. Going forward, valuations in Asia are now much less attractive and we have reduced our exposure to India, although we accept the region will continue to show the fastest rates of growth globally and sentiment remains positive.

In terms of our largest exposure, the US, the fact that we have a slight bias to faster growing smaller banks and had exposure to consumer finance stocks detracted from our performance since most of the momentum trades were in the better value large banks as investors scrambled for exposure to corporate tax cuts and rising interest rate trends. It is fair to say that the value opportunity in US financials has narrowed materially over the year. We are screening now more broadly amongst the smaller banks to see if there is better value in that space, but shareholders should not expect too much further exposure going forward.

The one sector which disappointed during the year was European financials, although after taking into account strength of the Euro they did outperform, since not only are stocks still offering deep value but equally the macro environment has strengthened materially. We suspect concern about capital requirements, loan loss provisioning, non-performing loans etc. have all served to dampen some enthusiasm. Nevertheless, the region offers some of the most attractive investment prospects for financial stocks and we expect to continue the gradual shift in our portfolio to southern Europe.

The two biggest pieces of news in December was the passing of tax reform in the US and the announcement of the so-called Basel 4 rules on what the final capital requirements for banks globally will be, bringing to a conclusion post financial crisis reforms for the sector. The former has had a bigger impact on share prices in the short term with US financials benefiting from the changes, the latter we think should help lift some of the fog that has weighed on the sector in recent years.

US tax reform is very beneficial for US financials, as we have highlighted before, and will result in their earnings rising quite markedly this year. While for some US financials there will be an upfront hit to capital as the value of their deferred tax assets will be reduced, it will not have an impact on banks being able to return capital to shareholders as these assets have for the most part not been counted towards regulatory capital. A small number of European banks that have US subsidiaries will also take a hit to their capital.

Basel 4 rules were supposed to have been agreed at the beginning of 2017 but due to disagreements between US and European regulators, meetings to agree the rules were pushed back several times before a compromise was reached at the beginning of December. While European banks will see an increase in capital requirements, it was marginally better than expected, with a long transition period and within most banks' capital plans with significant discretion for national regulators.

The uncertain outlook for capital requirements in the last couple of years has led to a number of banks holding back from returning surplus capital because of the lack of clarity. As a result of the rules now being clarified, all things being equal, this should result in an increase in dividends and/or buyback from banks this year especially within Europe where the rules were expected to have the biggest impact. In the US, the regulatory environment has already turned more favourable to returning capital to shareholders.

But things are never equal and to complicate matters in the short term, the ECB and EBA (European Banking Authority) are undertaking an exercise to reduce the variability in how banks calculate their capital requirements, called TRIM (Targeted Review of Internal Models). This technical and detailed piece of work is not expected to result in any increase in capital requirements for the sector, as a whole, although for some of the weaker banks in the likes of Italy and Greece it could have an impact.

On cue, Unicredit, the second largest bank in Italy, but not owned by the Trust, surprised investors with a much worse than expected announcement regarding the review. Its shares fell 7.8% in December and along with three other Italian banks, none of which are held, they were the worst performing European banks over the month. The uncertainty this has created might act as an overhang in the short term but we still believe that Basel 4 will be the overriding factor going forward as regards to capital requirements and ability for European banks to return capital to shareholders.

In conclusion, with many of the headwinds the sector faced having dissipated over the last year or so there are reasons to be more constructive than previously. However, in the short term, the key to performance remains the outlook for economic growth and interest rates. While the sector has performed well over the last year and arguably far better than many would have believed a few years ago, its recovery relative to the underlying equity market remains limited.

If interest rates, and consequently bond yields, rise faster than expected whether driven by better economic data and/or quantitative tapering then we would expect the sector to perform well this year. Conversely, if the recent stronger economic growth falters or political risks again rear their heads, with Italian elections the latest concern, then we would expect the sector's performance to falter. But with capital no longer seen as an issue and with the upside from a normalisation of interest rates, we remain positive on the outlook.

Nick Brind & John Yakas

7 January 2018

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.

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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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