POLAR CAPITAL

Polar Capital Global Financials Trust plc

Trust Fact Sheet
31 August 2018

Trust Facts

Ordinary Shares

Share Price	141.50p
NAV per share	146.16p
Premium	-
Discount	-3.19%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£296.4m
AIC Gearing Ratio	2.03%
AIC Net Cash Ratio	0.00%

Historic Yield (%) **2.86**

Dividends (p/share)

August 2018 (declared)	2.25
February 2018 (paid)	1.80
August 2017 (paid)	2.10
February 2017 (paid)	1.60

Benchmark [4]

MSCI World Financials + Real Estate Net Total Return 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

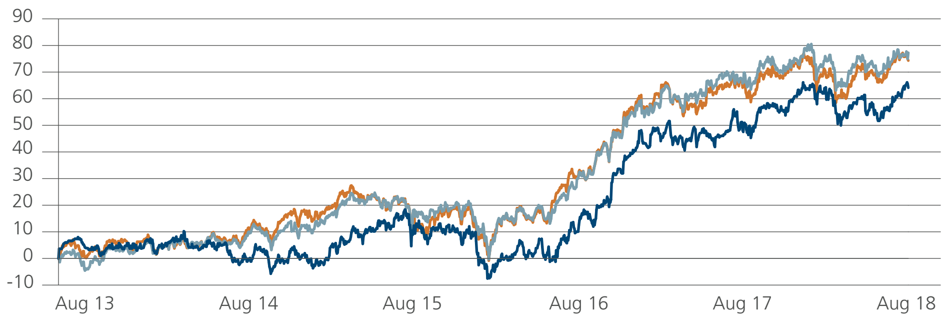
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

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 month	YTD	1 year	3 years	5 years	Since Launch
Ordinary Share Price (TR) [5]	3.28	6.57	0.48	9.14	46.13	57.98	64.10
NAV per Share (TR)	-0.28	4.02	2.39	4.42	49.91	85.00	77.26
Benchmark [4]	0.10	3.98	1.41	5.19	51.37	73.97	74.32

Discrete Performance (%)

	30.11.17 31.08.18	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]	5.39	16.66	21.43	6.22	-2.14
NAV per Share (TR)	3.92	16.40	22.17	5.23	9.86
Benchmark [4]	3.31	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 illustrates linked performance of the MSCI World Financials Index prior to August 2016 and MSCI World Financials + Real Estate Net Total Return Index since August 2016 to present.
5. Ordinary share price (TR), calculated by reinvesting dividends at relevant ex-dividend dates, 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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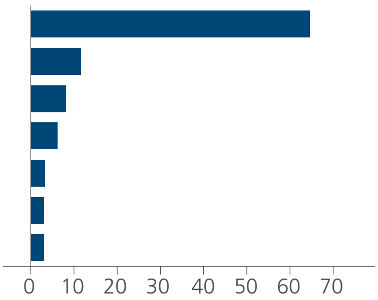
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 August 2018

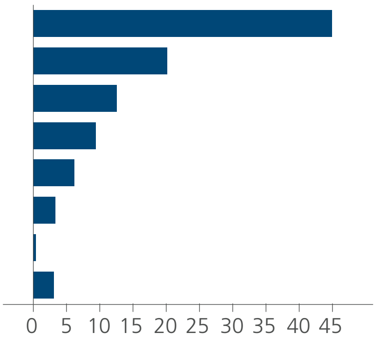
Sector Exposure (%)

Banks	64.6
Insurance	11.6
Diversified Financials	8.2
Fixed Income	6.2
Real Estate	3.3
Software & Services	3.0
Cash	3.1



Geographic Exposure (%)

North America	44.9
Europe	20.1
Asia Pacific (ex-Japan)	12.6
UK	9.4
Fixed Income	6.2
Japan	3.3
Eastern Europe	0.4
Cash	3.1



Top 15 Holdings (%)

JPMorgan	5.5
Bank of America	4.3
Wells Fargo	3.3
Mastercard	3.0
Chubb	2.8
Citigroup	2.8
Sumitomo Mitsui Financial	2.4
PNC	2.3
Marsh & McLennan	2.2
Toronto-Dominion	2.2
Arch Capital	2.1
US Bancorp	2.0
Sampo	2.0
KeyCorp	2.0
KBC Groep	2.0
Total	**40.9**

Total Number of Positions **69**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	81.5
Medium (US$ 0.5bn - 5bn)	16.2
Small (less than US$ 0.5bn)	2.3

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	April 2019
Trust Term	Fixed life to May 2020
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 31 August 2018

Equity markets had a strong month in August led by the US although the sell-off in Italian and Turkish financial markets, the latter on the back of rising tensions between the US and Turkey placing further pressure on the Turkish lira, resulted in weaker European and emerging markets. Financials lagged this rally with the Trust's NAV falling 0.3% compared with our benchmark index, the MSCI World Financials Index + Real Estate Net Total Return Index, which rose by 0.1% in sterling terms.

The Trust has no holdings in Turkey but the sell-off there has led to further weakness in European banks, in particular those that have subsidiaries in the country. European banks' exposure to Turkey is fairly limited, albeit sufficient to raise concerns. The banks with the largest exposure are BBVA and Unicredit, neither of which are held, followed by ING Groep and BNP which generate 5% and 2% of their profits respectively from Turkey. The Trust has a 1.7% holding in ING Groep and a 1.8% holding in BNP Paribas.

Currently no Turkish bank is in major difficulty and we would expect them to remain resilient as they have been through numerous currency crises over the years. Nevertheless, if Turkey's macro environment continues to deteriorate the banks will see pressure on their loan books (and there is already some evidence of this) but the impact on capital from a worst-case scenario is manageable. What is of greater concern is their funding, since both corporates and banks in Turkey are reliant on foreign funding which is likely to be both less available and at a higher price which will result in balance sheet contraction further pressuring the availability of finance in the domestic economy.

Not surprisingly, therefore, the Fund's worst-performing holdings over the month were all European banks, namely BNP Paribas, ING Groep and Intesa Sanpaolo, the latter on the back of rising bond yields in Italy, the former two more a reflection on them being larger holdings in the Trust then their exposure to Turkey as other European banks suffered larger falls in share prices. Conversely our US bank holdings, in particular Wells Fargo and Pacific Premier Bancorp, a Californian bank, as well as Mastercard, the payments business, all performed well.

The proportion of the Trust invested in the US is materially higher than when the Trust was launched five years ago, in part due to performance but we also added to our exposure over that time. The key driver of US banks remains the trend in interest rates and with the publication of US bank 10Q reports we have now had an opportunity to look more closely at the trends under way, both in terms of asset yields (ie are banks passing on the interest rate rises to borrowers?), and liability costs (ie are banks passing on interest rate rises to depositors?).

For the major US banks that we focus on, around 55% of the rise in the Fed funds rate has been passed on to borrowers, depending on the split between loans that are floating versus fixed which understandably take longer to reprice and the degree of competition. So-called C&I loans (commercial and industrial loans, or perhaps better described as corporate loans) are predominantly floating rate unlike mortgage and commercial real estate (CRE) loans which tend to be fixed and where in the former there has been almost no pass-through on yields (while CRE lending has seen more turnover of loans and so has benefited from higher rates).

In terms of deposit costs, banks have passed on approximately 37% of the rise in the Fed funds rate (so enabling them to widen their margins) although we suspect that the differential in the rise in deposit costs and the rise in asset yields will begin to narrow in subsequent quarters. However, what matters far more is the balance sheet mix any given bank has. Those banks with a bias to corporate lending and demand and savings deposits have the best combination to maximise the benefits of rising interest rates.

Emerging market holdings in the portfolio had a mixed month with some rising strongly, such as Tisco Financial Group in Thailand, while others were weak, for example HDFC Bank, an Indian bank. We follow developments in the banking sector in Asian markets closely in view of other portfolios we manage and some of the current movements in share prices appear to have more in common with US presidential tweets rather than fundamentals on the ground. A visit to Thailand during the month reinforced the reality on the ground is remarkably calm considering the turmoil in share prices. Value is opening up in emerging markets, but we suspect a weakening of the US dollar is required before stocks reach a floor.

We had a number of our UK holdings report results during the month and although these were all as expected, share price reactions were mixed. For example, OneSavings Bank and Charter Court Financial both trade on low valuations as the market views their profitability as unsustainable. While some of this concern is understandable one reason that we like both of them is that they suffer from much more onerous capital requirements than for incumbent larger banks. This is due to change but as yet it is too far away to be taken into account by analysts.

Sentiment towards the financial sector (and more specifically the banking sector) has taken a hit this year reflecting its cyclical characteristics at a time when investors have turned more cautious on the outlook, as well as worries that the trend in interest rates and the steepness of the yield curve may not turn out to be as favourable as originally expected. While this has led to a fall in earnings expectations, share prices have fallen further which would suggest that the sector should bounce, all things being equal.

Nick Brind & John Yakas

10 September 2018

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 24 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 30 years of industry experience.

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Benchmarks The following benchmark index is used: MSCI World Financials + Real Estate Net Total Return 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. 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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