Polar Capital Global Financials Trust plc

Trust Fact Sheet
31 October 2019

Trust Facts

Ordinary Shares

Share Price	137.50p
NAV per share	144.77p
Premium	-
Discount	-5.02%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£293.5m
AIC Gearing Ratio	4.11%
AIC Net Cash Ratio	0.00%

Historic Yield (%)[2] **3.13**

Dividends (p/share)

July 2019 (paid)	2.40
February 2019 (paid)	1.90
July 2018 (paid)	2.25
February 2018 (paid)	1.80

Benchmark [3]

MSCI World Financials + Real Estate Net Total Return Index

Fees [4,5]

Management	0.85%
Performance	10%
Ongoing Charges	0.99%

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

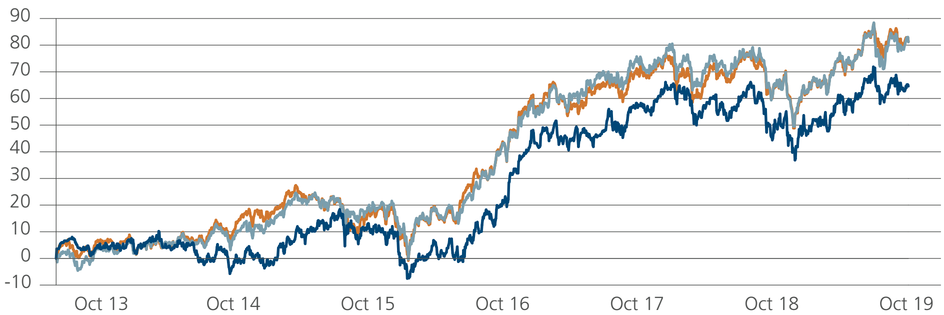
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

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	5 years	Since Launch
■ Ordinary Share Price (TR) [6]	-1.79	-3.75	15.86	9.59	35.09	62.46	64.59
■ NAV per Share (TR)	-1.51	-2.73	17.04	9.61	27.22	64.50	81.16
■ Benchmark [3]	-2.45	-2.49	17.38	9.81	27.07	59.55	81.31

Discrete Performance (%)

	30.11.18 31.10.19	30.11.17 30.11.18	30.11.16 30.11.17	28.11.15 30.11.16	29.11.14 28.11.15
Ordinary Share Price (TR) [6]	7.52	-1.69	16.66	21.43	6.21
NAV per Share (TR)	7.94	-1.60	16.40	22.17	5.23
Benchmark [3]	7.58	-0.12	14.20	24.47	0.88

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 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. 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.
4. 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.
5. Ongoing charges calculated at the latest published year end date, excluding any performance fees.
6. 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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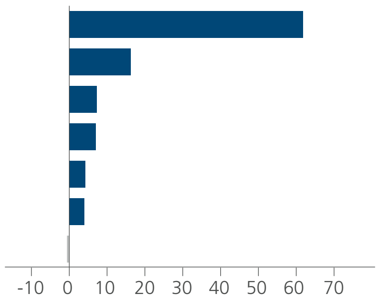
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 October 2019

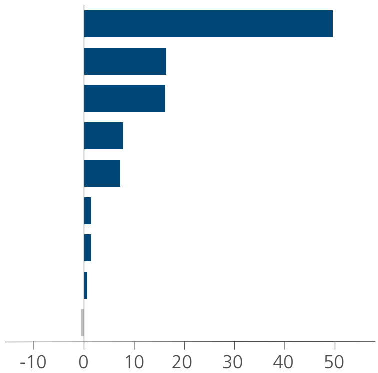
Sector Exposure (%)

Banks	61.8
Insurance	16.2
Fixed Income	7.2
Diversified Financials	7.1
Software & Services	4.2
Real Estate	3.9
Cash	-0.5



Geographic Exposure (%)

North America	49.5
Asia Pacific (ex-Japan)	16.4
Europe	16.1
UK	7.8
Fixed Income	7.2
Latin America	1.5
Japan	1.4
Eastern Europe	0.6
Cash	-0.5



Top 15 Holdings (%)

JPMorgan	6.2
Bank of America	4.3
Mastercard	3.4
Chubb	3.3
Arch Capital	3.1
Citizens Financial Group	2.5
US Bancorp	2.4
PNC	2.4
Wells Fargo	2.4
Marsh & McLennan	2.4
Toronto-Dominion	2.3
AIA Group	2.3
KBC Groep	2.2
Citigroup	2.2
HDFC Bank	2.2
Total	**43.6**

Total Number of Positions 68

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	84.9
Medium (US$ 0.5bn - 5bn)	11.8
Small (less than US$ 0.5bn)	3.3

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	Late April
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 October 2019

Financials saw further outperformance in October as the rotation out of growth into value stocks led by bank shares continued, as bond yield saw a further recovery from the lows they hit in August and early September. The rotation was helped by progress in US-China trade talks and signs of a bottoming out in the slowdown in economic activity. Sterling rallied sharply as the UK Government came to a new agreement with the EU on Brexit offsetting the rally in equity markets.

Against this background the Trust's net asset value fell 1.5% against our benchmark index, the MSCI World Financials + REIT Index, which fell by 2.4%. Our holdings in US banks were the biggest contributors to performance, in particular, those in JPMorgan, Bank of America and First Republic Bank, the latter on much better than expected results. Conversely our holdings in Arch Capital, Chubb and Citizens Financial Group were weak.

US banks rose 4.0% in the month (-1.2% after adjusting for the rise in sterling). As expected, the Federal Reserve delivered a 25bps rate cut in the month but signalled an 'on-hold' bias with the Chairman of the Federal Reserve, Jerome Powell, citing robust consumer spending, strengthening home sales and reduced geopolitical risks. Requiring a 'material reassessment' of their outlook to cut interest rates, market expectations on additional cuts in interest rates have fallen, while robust labour market data has reassured on the outlook for consumer spending (and its ability to offset weakness in the manufacturing segment).

US banks' 3rd quarter results came ahead of expectations with better fee income and lower provisioning and costs helping to offset the headwinds from margin pressure. Large cap. banks reported an average 7bps net interest margin contraction in the quarter with asset yields falling 12bps while the cost of interest-bearing liabilities fell 4bps. Guidance implies we have now seen the peak level of sequential margin compression as more meaningful reductions in deposit costs come through in subsequent quarters.

Importantly, profitability remains strong (16% Return on Tangible Equity at large cap. banks) supported by benign asset quality while healthy capital levels (11.8% Tier 1) are leading to material capital return to shareholders (US large. cap banks total yield is >10%). In terms of our small and mid-cap bank holdings, earnings growth is being supported by continued strong levels of loan growth, for example First Republic Bank grew its loans by 19% and Silicon Valley Bank by 13% year-on-year, which is helping to offset the headwinds from margin compression.

European banks were not quite as strong in October rising by 3.1% (+0.1% in sterling). Sentiment has remained closely tied to developments in US-China trade talks as well as UK-EU Brexit negotiations. We are half-way through 3rd quarter results which have on average come in slightly ahead of expectations. With revenues facing headwinds across much of the region, the results highlighted the relative strength of Norwegian banking (which after the UK is our largest exposure in Europe) which is benefiting from a robust macro backdrop and upward loan repricing following interest rate increases.

The overall macro picture coming out of Asia remains subdued although there is some evidence of a recovery in exports. A lack of inflationary pressures has enabled a number of central banks to cut rates during the month. Added to which some countries cut reserve requirements for banks and we suspect that more cuts will be forthcoming. More encouragingly, countries are beginning to use fiscal measures (such as increased government spending and cuts in tax rates) to help boost growth. The latter boosts coupled with rate cuts should feed through into an improved macro picture towards the end of the year and we are more positive on the overall outlook than we were a few months ago.

The recent rotation out of growth stocks into value stocks, of which banks play a prominent part, is not surprising considering the latter's underperformance. We have seen a number of pointers that suggest that markets are exhibiting less than their normal efficiency. Some of these are probably wishful thinking on our behalf, but the combination of them all would suggest that the rotation we have seen could carry on much further than investors are prepared for.

The failure of one of the UK's most well-known fund managers and his firm rhymes with the sacking of a prominent value fund manager in 2000 at the peak of the TMT bubble. The valuations of some early-stage technology businesses appear to show little relevance to the underlying prospects of the businesses in question as highlighted by the failed IPO of WeWork and others. The extreme valuation differential of safe low volatility businesses to the market versus history and the discount that value stocks equally trade to the market vs history again has suggested that valuations are at or close to extremes.

Furthermore, we have also had inbound questions on the investability of US banks over concerns of the risk that US interest rates will inevitably become negative as they have in Europe and Japan. An investment trust with a focus on European value stocks has recently appointed a new manager with a growth mandate. Finally, we have been told of fund managers being scoffed at in a meeting by a fund buyer for investing in a paper company, a classic old-economy value stock. All contrarian signals.

Against this background we reduced our exposure to a number of our more defensive holdings, but also our holding in Blackstone, the alternative asset manager, following a very strong rally in its share price this year, in part on it becoming eligible for inclusion in indices. Conversely, we increased our exposure to emerging market banks, adding to a number of holdings, including HDFC Bank and Bank Central Asia while also starting new holdings in Mexico and Brazil. As a result, gearing has increased to around 4%.

Nick Brind & John Yakas

8 November 2019

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 25 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 31 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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