Polar Capital Global Financials Trust plc

Trust Fact Sheet
31 January 2018

Trust Facts

Ordinary Shares

Share Price	147.00p
NAV (undiluted) per share	150.40p
NAV (diluted) per share	150.40p
Premium	-
Discount	-2.26%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£305.0m
AIC Gearing Ratio	6.01%
AIC Net Cash Ratio	0.00%

Historic Yield (%) **2.52**

Dividends (p/share)

February 2018 (declared)	1.80
August 2017 (paid)	2.10
February 2017 (paid)	1.60
August 2016 (paid)	1.95

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

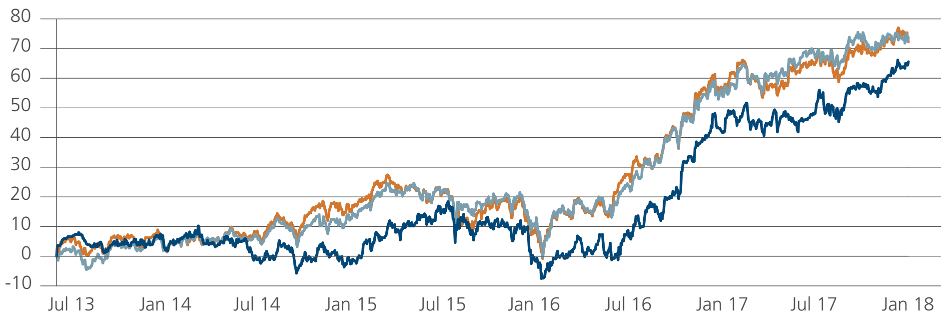
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

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]	1.38	5.19	11.79	16.96	65.57
NAV (undiluted per Share) (TR)	2.48	2.69	5.31	15.10	77.41
Benchmark [4]	0.20	2.35	4.72	10.98	72.23

Discrete Performance (%)

	30/11/17 31/01/18	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]	6.33	16.66	21.43	6.22	-2.14
NAV per Share (TR)	4.01	16.40	22.17	5.23	9.86
Benchmark [4]	2.07	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 Index since August 2016 to present.
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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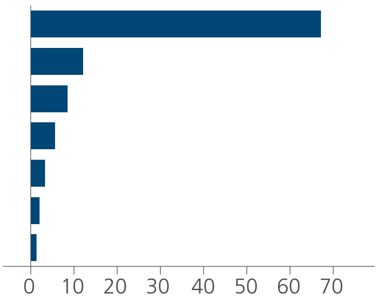
Portfolio Exposure

As at 31 January 2018

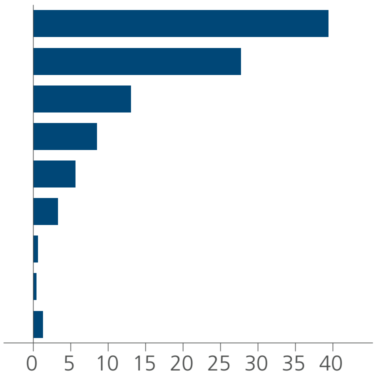
Sector Exposure (%)

Banks	67.1
Insurance	12.2
Diversified Financials	8.5
Fixed Income	5.6
Real Estate	3.3
Software & Services	2.1
Cash	1.3



Geographic Exposure (%)

North America	39.4
Europe	27.7
Asia Pac (ex-Japan)	13.1
UK	8.5
Fixed Income	5.6
Japan	3.3
Latin America	0.7
Eastern Europe	0.4
Cash	1.3



Top 15 Holdings (%)

JPMorgan	4.8
Bank of America	4.0
Wells Fargo	3.5
ING Groep	3.5
BNP Paribas	3.0
Chubb	2.8
Citigroup	2.6
KBC Groep	2.3
PNC	2.2
Sumitomo Mitsui Financial	2.2
Mastercard	2.1
KeyCorp	2.0
Sampo	2.0
Toronto-Dominion	1.9
Marsh & McLennan	1.9
Total	**40.8**

Total Number of Positions **71**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	81.1
Medium (US$ 0.5bn - 5bn)	16.9
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	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 31 January 2018

Financials had another strong month in January, albeit largely offset by sterling strength, with the sector continuing the momentum built in late 2017 when it started to outperform underlying equity markets. Our benchmark index, the MSCI World Financials + Real Estate Index rose 0.2%, led by a strong performance from US and European bank shares. Against this background the Trust's net asset value rose by 2.5%.

US banks performed strongly in January as sentiment was supported by positive macro data and minutes from the Fed which reassured on their commitment to three interest rate hikes in 2018. Fourth-quarter results for US banks came largely in-line with expectations, although operating trends were mixed due to weak trading income. With pressure for banks to raise deposit rates remaining low, the sector will continue to benefit in the short term as loans reprice at higher yields resulting in net interest margins continuing to expand.

European banks performed similarly over the month. Whilst the ECB reiterated its commitment to keeping quantitative easing in place until inflation in the Eurozone increases, the improvement in macro data has led to a reassessment by the market as to the timing of rate normalisation. European banks have shown a tight correlation to German ten-year bund yields which have risen 30bps in 2018 to 0.74% alongside strong macro leading indicators (January flash PMIs consistent with 3.5% Eurozone GDP growth) and comments by the ECB noting evidence of complacency in financial markets towards inflation risks.

We are in the early stages of annual results for the region which continue to highlight the headwinds to revenues from the current low rate environment. However, capital return has met or exceeded expectations with managements more willing to comment on dividend plans now they have regulatory clarity. We view the publication of the Basel 4 framework, in December, as a key moment for the sector as it removes a major overhang and provides visibility on longer-term capital return potential.

The Trust's performance in January was helped by the announcement that AIG will acquire Validus, for an all-cash transaction of US$68 per share, a 46% premium to its previous closing price. The transaction is expected to be immediately accretive to AIG's earnings and has led to speculation of further consolidation of the Bermuda reinsurance industry. With the transaction expected to close in mid-2018, we took the decision to sell the Trust's position.

The Trust also benefited from its holding in Meta Financial which rose 26% in the month following the announcement of its acquisition of Crestmark Bancorp, a Michigan headquartered bank, which will diversify their loan book, provide cross-sell opportunities for its insurance premium business and, importantly, reduce the seasonality of their earnings. Holdings in Commonwealth Bank of Australia and Mitsubishi UFJ both detracted from performance over the month.

At the time of writing equity markets have corrected sharply, as bond yields have backed up on the result of stronger economic data. While we can add little to the plethora of comments and analysis pumped out on a daily basis on the outlook for financial markets, in the short term, it is worth considering the medium-term impact on earnings from moves in interest rates and yield curve, putting aside momentarily what the market's expectations are for such moves.

For example, the earnings of US banks are forecast to rise in 2018 by, on average, around 30%. While the largest driver to this rise is the recently passed tax cuts, higher US interest rates are responsible for high single-digit increase, in part due to rises in interest rates last year still feeding through to earnings but equally expectations of further interest rate rises this year. The yield curve is less important driver of earnings, outside its ability to predict whether interest rates rises are more or less likely etc.

In Europe, where understandably the outlook for interest rates is significantly less positive, some of the biggest beneficiaries of rising interest rates are the Italian and Spanish banks. The former would see their earnings rise around 30% and the latter by slightly more than 15% for a 1% increase in interest rates. In comparison, banks in Switzerland, the Nordics, the UK, Ireland and France should benefit from a low to mid-teens increase in earnings. Nevertheless, the biggest beneficiaries are the Japanese banks. Their earnings would rise by over 20% following just a 0.5% increase in interest rates.

Therefore to the extent that the recent stronger economic data does not conversely presage a slowdown, brought on by the US, (or in due course other central banks) raising interest rates too quickly then this correction should be seen as an opportunity to buy. The speed with which equity markets have corrected is surprising, though as has been highlighted over and over again in recent months, the fact that equity markets are long overdue one, it should not be surprising at all.

While these earnings estimates are rough approximations they illustrate that financials, in particular banks, should perform well relative to underlying equity markets if you believe that interest rates will continue to rise over next few years. As Willie Sutton, a prolific US bank robber is purportedly reported as saying when asked why he robbed banks, "because that is where the money is" and so it is with interest rates, all things being equal.

During the month we raised exposure to Spain by adding to our holding in Banco Santander and starting a new position in Caixabank, which is seeing improving asset quality trends and where revenues are particularly geared to rising rates. We also added to our holding in Arch Capital while conversely reducing holdings in East West Bancorp and Silicon Valley Bank while selling our holding in Main Street Capital.

Nick Brind & John Yakas

8 February 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. 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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