POLAR CAPITAL

Polar Capital Global Financials Trust plc

Banking on a brighter future

Unlocking hidden value in Financials

This is a marketing communication. Capital at risk and investors may not get back the original amount invested.

Welcome

I am pleased to write this introduction on behalf of the Board and myself to what we hope provides valuable insights into the proud past, vibrant present and bright future of the Polar Capital Global Financials Trust (PCFT) and the Financials sector.

While we – along with many others – are getting to grips with the detail of the 'Trump tariffs' and their impact, it is a good time to remind ourselves of the longer-term opportunities available across this diverse investment universe, from banks to payment companies and insurers to FinTechs.

Launched in July 2013, the Trust has been through a number of turbulent periods and, while there is always likely to be short-term noise, we believe the outlook for Financials is a positive one.

The Financials sector has outperformed broader equity markets in each of the first three months of 2025; it has outperformed wider equity markets for three of the past four years.

Those overlooking the sector are missing out on an area of the global market that is seeing improved fundamentals while still trading at an attractive valuation.

We believe the long-term story is compelling as, even given the current uncertainty, the top-down picture is favourable for the Financials sector. Interest rates are at more 'normal' levels and returns in the sector are much higher than in the past. Strong balance sheets are enabling Financials to make attractive capital returns to shareholders. The potential for lighter regulation in the sector is also an encouraging tailwind.

We hope the sum of all this is investors considering Financials and PCFT within a varied, exciting part of the investment universe.

With thanks

Simon Cordery

Chair of the Polar Capital Global Financials Trust

11 April 2025

A brief history of PCFT

The Trust was launched in July 2013 as a lower-risk way for investors to get exposure to the global Financials sector and give UK investors the ability to diversify their exposure away from UK banks. It was one of the most successful investment trust launches at the time.

With many investors framing their view of the sector through the lens of UK banks – which represent a tiny fraction of the sector – diversification has been a rewarding strategy. Since launch to the end of March 2025, global financials have returned over 200% while UK banks returned 91%[1].

The Trust was launched with a fixed life to May 2020, providing certainty to investors through the opportunity to realise their investment at this time at net asset value. Shareholders subsequently supported a proposal to extend its life indefinitely, subject to regular tender offers at net asset value (less costs) every five years, the first opportunity being June 2025.

At launch, the Trust gave investors exposure to well-known financial companies in the US and Europe as well as faster growing emerging market banks.

Today the portfolio is broader with exposure to payment companies that were not in the sector at launch, a higher exposure to stock exchanges and alternative asset managers, among others, while conversely a lower exposure to bank shares. In the past three years, the Trust has also had greater exposure to reinsurance companies.

The headwinds of low interest rates, forever increasing capital requirements and regulation have become tailwinds for the sector. With governments looking to focus on how to increase domestic investment, the sector could be a beneficiary as it facilitates the matching of those with capital with those looking for a return on that capital.

Against this background an active approach to investing in the sector is warranted. Over the past 15 years, the US has materially outperformed wider equity markets. It has also been one where equity markets have concentrated on a small number of stocks in one or two sectors. That is no longer a given and that is where the opportunity lies looking forward.

Launched
July 2013

1. Source: Bloomberg, in GBP, as at 31 March 2025. Past performance is not a guide to future performance.

A highly experienced team

The Polar Capital Global Financials team consists of five sector specialists, who collectively have over 100 years' investment experience. Nick Brind and George Barrow joined Polar Capital in 2010 when it acquired HIM Capital, formerly Hiscox Investment Management, to establish the firm's Financials franchise. Tom Dorner joined the team in December 2023 from Aberdeen. Together, Nick, George and Tom co-manage the Trust and are supported by Nabeel Siddiqui and Jack Deegan.

Nick Brind

Nick has co-managed the Trust since launch, having joined Polar Capital in 2010. He has 31 years of industry experience.

George Barrow

George has co-managed the Trust since 2020. He joined Polar Capital in 2010 and has 17 years of industry experience.

Tom Dorner

Tom has co-managed the Trust since 2024. He joined Polar Capital in 2023 and has 23 years of industry experience.

Nabeel Siddiqui

Nabeel joined the Polar Capital Global Financials team as an analyst in August 2013, focusing on the US, Latin America & Australia and has 14 years' industry experience.

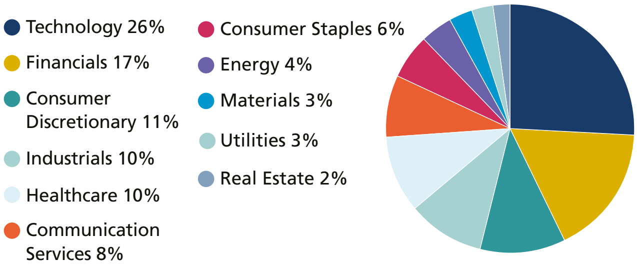
Jack Deegan

Jack joined the Polar Capital Global Financials team as an analyst in October 2017 and has 15 years' industry experience.

Why Financials?

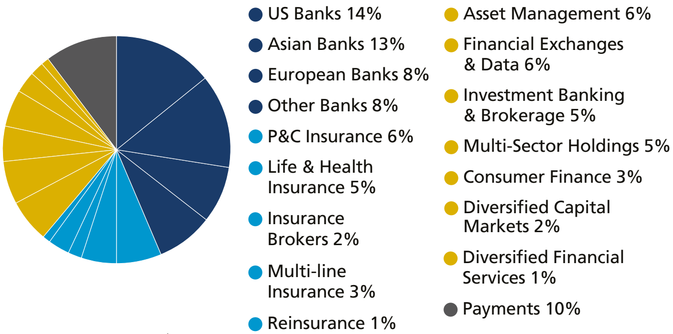
The Financials sector is the second largest globally and is diversified across subsectors, some of which are economically sensitive such as banks and asset managers versus those less sensitive such as insurance and payments.

Breakdown of MSCI All Country World Index (ACWI)



Source: MSCI, 31 December 2024.

Breakdown of MSCI ACWI Financials Index



Source: MSCI, 31 December 2024.

While a significant catalyst for the strong performance of the sector over the past five years has been the normalisation of interest rates there are many broader themes that the team expect to drive the performance of the sector looking forward. These include:

US lenders

US banks and consumer finance companies are huge beneficiaries of the continued outperformance of the US economy reflecting the impact of the growth of shale in bringing down energy costs, a vibrant technology industry and deep capital markets while also benefiting from expected deregulation efforts by the Trump administration.

Exchanges/platforms

Exchanges continue to grow from an increased turnover in financial markets, in particular equites and commodities, and the monetisation of data that this generates. Retail platforms are benefiting from the democratisation of investing by making it more accessible with some well positioned to benefit from the recent increase in volatility.

Insurance

Insurance companies are attractive for their defensive characteristics due to claims being largely driven by accidents and weather-related losses rather than economic events. The rise in insurance rates and interest rates over the past few years has also led to a significant improvement in profitability which is expected to be maintained.

Emerging market financials

Emerging market financials are key beneficiaries of the increasing penetration of financial services in their economies which are well below levels seen in developed markets. Furthermore emerging markets are seeing fast growth in innovative companies leveraging digital technology to achieve rapid growth.

European banks

European banks were the hardest hit by the negative interest rate policy of the European Central Bank (ECB). With interest rates now back to a more normal level, profitability has increased substantially with a significant increase in capital return to shareholders through buybacks and dividends while signs of loan growth are picking up across the region.

Alternative asset managers

Alternative asset managers continue to benefit from the growth in private markets. Historically this has been focused on private equity and real estate but latterly has seen much stronger demand in private credit, infrastructure with distribution moving from sovereign wealth funds, pension funds and endowments to insurance companies and wealth management firms.

Payments

Large payment companies have defensive characteristics as they do not take credit risk. They have also benefited from the growth in e-commerce and the switch from cash to cards while also looking to offer value added service around fraud detection, cyber risk and advisory services. New entrants in the subsector have grown faster as they provide more efficient services to merchants and the public.

Other catalysts

The Financials sector is at a significant 25% discount to broader equity markets which suggests there is scope for further outperformance through 2025. This compares favourably to the discount to global equities when the Trust was launched in July 2013 of just 15%.

Key catalysts include:

Deregulation

Deregulation is a very positive theme for US financials with the US administration having nominated a number of new heads to regulatory agencies. These changes are expected to lead to a much more constructive relationship between regulators and the financial sector potentially leading to increased M&A activity and capital returns as well as lower costs. UK and European policymakers have belatedly realised the damage of excessive regulation and are shifting their stance towards a more pro-growth environment and are pushing for changes which will be beneficial for the sector. Historically, Financials have traded at higher valuation multiples during periods of regulatory easing.

Technology

The Financials sector is one of the largest spenders on technology, with the biggest banks in the US spending over $10bn each annually. The opportunities include monetising data sets, for improvements in pricing and underwriting risk, improving customer experience and the continued shift to online banking. Reflecting the nature of their businesses in having to process enormous amounts of data, banks along with insurance companies should see significant efficiency gains from AI. In a recent report, Accenture highlighted that banks and insurers are the two industries that will see the biggest opportunity to cut costs from automation. The sector also offers the opportunity to invest in technological leaders revolutionising the way people access financial services in emerging markets through online banking and integration with e-commerce ecosystems.

Value stocks

Financial companies are the largest constituent of value indices, reflecting that many in the sector trade at lower price-to-earnings[1] or price-to-book[2] multiples and/or higher dividend yields than the wider equity market. Investing in companies exhibiting value characteristics as a strategy has consistently outperformed equity markets going back to the early 20th century, with the exception of the past 15 years. In the managers' view, any reversal in these trends will likely see value sectors, in particular Financials, outperform growth sectors where equity markets have become very concentrated. Regardless of a rotation or not, they still see significant value in the sector relative to its underlying profitability and the incumbency advantage that many companies in the sector have due to their competitive positioning. This has already led to an increasing level of capital return to shareholders which remains underappreciated.

Comparison of valuations of financials stocks by region

	Current P/E (x)	Forecast P/E (x)	Price/book (x)	Dividend yield (%)
Asia ex-Japan	10.4	9.1	1.2	3.5
Emerging Markets	10.0	8.7	1.2	3.8
Europe	10.3	9.9	1.3	4.3
Japan	10.7	10.7	1.1	3.1
United States	19.0	16.1	2.4	1.6

Source: MSCI as at 31 March 2025

[1] Stands for price-to-earnings ratio, which relates a company's share price to its earnings per share.

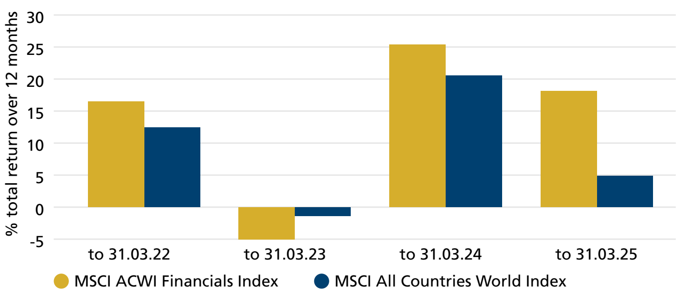
[2] The company's current stock price per share divided by its book value per share; shows the market valuation of a company compared to its book value.

Why Polar Capital Global Financials Trust?

Financials is an incredibly important equity sector and therefore due to its size has a significant impact on performance for those who are underweight. Consequently, as it has outperformed the broader equity markets in three of the past four years, as can be seen in the chart below, it is forcing investors to review their positioning accordingly.

A couple of years ago, the economic landscape changed radically in the sector's favour as interest rates started to normalise. Using figures to the end of March 2025, Financials had outperformed by over 20 percentage points[1] since the end of 2021 and, while progress is rarely a straight line, there is much to suggest the recent good run has much further to go.

Financials' outperformance



Source: Polar Capital, Bloomberg, in GBP; past performance is not indicative or a guarantee of future returns.

[1] *Percentage point: The difference between percentages (i.e. a 1 percentage point fall takes 10% to 9%, whereas a 1% fall takes 10% to 9.9%, and a 10% fall takes 10% to 9%).*

Financial markets have not been 'normal' for many years now. In the wake of the global financial crash in 2008, interest rates were slashed and kept artificially low. This favoured speculative growth stocks, but low interest rates and much tougher regulations brought in to strengthen balance sheets hit the Financials sector hard.

Five years ago, at the time of the Trust's last tender offer, Covid was dominating the headlines. The discovery of viable vaccines allowed the sector to begin to recover from autumn 2020 onwards, but inflation then took off. Finally, towards the end of 2021, interest rates started to rise which was a tailwind to performance. However, the extent of the sector's valuation discount demonstrates the size of the opportunity for the next five years.

Financials plays such a pivotal role in the market that many investors may want exposure to it but they find it hard to get right. While it might be tempting, restricting yourself to a handful of UK stocks, usually well-known banks, leads to a concentration risk that most investors would be unhappy with. Going global is a natural solution as it opens up a diverse range of opportunities including fast-growing businesses that are undervalued, from mega-cap businesses to newer, smaller ones.

Cumulative performance over periods ending 31 March 2025

	Year to date (%)	1 year (%)	3 years (%)	Since 22.04.20 (%)	Since launch (%)
PCFT share price	4.0	23.0	25.8	131.7	177.2
PCFT net asset value	2.9	17.1	34.6	130.5	200.0
MSCI ACWI Financials Index	2.9	18.1	40.7	129.3	206.3
MSCI All Countries World Index	-4.3	4.9	24.7	82.4	237.2

Source: Polar Capital, Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, net of fees in GBP, as at 31 March 2025. Launched on 1 July 2013, the NAV per ordinary share was 98.0p based on the subscription price of 100.0p per ordinary share and including launch costs of 2.0p per ordinary share. The MSCI ACWI Financials Net Total Return Index was adopted as the Trust's benchmark in April 2020. 2020 Tender: 22.04.20. The end of the financial year for the Company is the final day of November each year. The share price performance is adjusted for dividends paid out.

Given the breadth of choice and the complexity of many of these companies' business models, the Trust managers continue to use their experience and expertise in the Financials field to seek to drive returns on behalf of their investors. With a five-strong team with over 100 years of combined experience, they feel they have the breadth and depth to carry on delivering for shareholders.

Since the Trust was reconstructed on 22 April 2020, it has delivered returns ahead of the benchmark, as shown above. The net asset value (NAV) return includes the effects of all fees and other overheads incurred by the Trust.

The Board has bought back shares when necessary to moderate the volatility of the discount and provide liquidity.

But the five-yearly tender should reduce the discount volatility significantly due to the certainty this provides investors while also giving sufficient time to take advantage of the opportunities within the sector. The managers feel it is best assessed over market cycles, since they cannot anticipate how long a market cycle will be, five years feels about right, while reassuring patient investors they will have an opportunity to exit close to asset value.

Discrete performance over periods ending 31 March 2025

	28.03.24 31.03.25	31.03.23 28.03.24	31.03.22 31.03.23	31.03.21 31.03.22	31.03.20 31.03.21
PCFT share price	**23.0%**	**23.8%**	**-17.4%**	**11.8%**	**65.7%**
PCFT net asset value	**17.1%**	**22.3%**	**-6.0%**	**10.3%**	**57.1%**
MSCI ACWI Financials Index	**18.1%**	**25.4%**	**-5.0%**	**16.5%**	**41.1%**
MSCI All Countries World Index	**4.9%**	**20.5%**	**-1.4%**	**12.4%**	**38.9%**

Source: Polar Capital, Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, net of fees in GBP, as at 31 March 2025. The MSCI ACWI Financials Net Total Return Index was adopted as the Trust's benchmark in April 2020. The end of the financial year for the Company is the final day of November each year. The share price performance is adjusted for dividends paid out.

Positive changes to the Trust

The Trust was launched on 1 July 2013 with a seven-year fixed life. At its reconstruction in 2020, the Board committed to a tender offer every five years. Given the long-term outlook for Financials and the Trust's successful track record, shareholders have expressed a desire to maintain exposure to the investment strategy.

Therefore, the Board of Directors proposes to continue to operate PCFT with the following:

- Attractive, regular dividends: Large parts of the Trust's universe offer attractive levels of dividend yield. With this in mind, the Trust will move to an enhanced dividend of c4% of NAV each year (paid as 1% of NAV each quarter) as the managers feel this should be achievable with relatively modest transfers from capital. The higher levels of distributions should attract income seekers and broaden the appeal of the Trust.[1]
- Investment flexibility: The proposed move to a capital-supported dividend allows the investment team greater flexibility in the companies they invest in. The suggestion is that the team has the freedom to move away from a growth and income mandate to a more unconstrained mandate.
- Removal of performance fee and introduction of a tiered management fee where the current rate of 0.70% per annum will apply on the first £500m and a lower rate of 0.65% per annum will apply thereafter. Basis of calculation for both tiers will be amended so that 50% is calculated by reference to the NAV and 50% is calculated by reference to the lower of market capitalisation and NAV. Currently, the base management fee is calculated purely by reference to the NAV.[2]

1. Effective 1 December 2025
2. Effective 1 July 2025

Polar Capital Global Financials Trust
The future of the Company

Subject to regulatory and shareholder approval, the Board of Directors proposes to continue to operate PCFT with the following features:

PCFT 2020

- Continuation vehicle with five-yearly tenders
- 10% performance fee above benchmark +1.5% compound annually paid end of fifth year
- No change to progressive dividend policy
- 20% maximum gearing

PCFT 2025

- Continuation vehicle with five-yearly tenders
- No performance fee and the introduction of a tiered management fee where 0.70% per annum will apply on the first £500m and a lower rate of 0.65% per annum will apply thereafter[1]
- Enhanced quarterly dividend equivalent to approximately 4% of the NAV in a given year[2]
- 20% maximum gearing
- No minimum fixed income allocation, allowing for a more unconstrained mandate

Same Team • Same Process • Same Approach

> **"We see huge opportunities in this dynamic and unloved sector. With a highly experienced team, compelling valuation and supportive long-term drivers, we strongly believe that investors will be well rewarded over the next five years."**

Simon Cordery
Chair of the Board

1. Effective 1 July 2025
2. Effective 1 December 2025

Trust Facts & Highlights

The Polar Capital Global Financials Trust is an actively managed portfolio, seeking the very best investment opportunities across the world of Financials, with the aim of delivering income and capital growth.

Trust Facts

Launch Date	Benchmark	Ongoing charge[1]	Dividend yield[2]	Total net assets[3]	Legal structure	Listed	Ticker
1 July 2013	MSCI ACWI Financials Net Total Return Index (Sterling)	0.85%	Enhanced dividend of c4% of NAV each year (paid as c1% of NAV each quarter)	£624.8m	Closed Ended Investment Company	London Stock Exchange	PCFT

Trust Highlights

The only UK-listed investment trust **focused solely on Financials**

Investing in stocks with strong track records of **value creation**

A dual focus on **dividend income** and **capital growth**

Well-resourced team of sector specialists with **100+ years'** experience

Financials can help to **diversify** client portfolios

1. Ongoing charge calculated at the latest published year end date, excluding any performance fee.

2. Effective 1 December 2025.

3. Source: Polar Capital, 31 March 2025.

The Company is an investment company with investment trust status and its shares are excluded from the Financial Conduct Authority's ("FCA") restrictions on the promotion of non-mainstream investment products. The Company conducts its affairs, and intends to continue to conduct its affairs, so that the exemption will apply.

The Company is an Alternative Investment Fund under the EU's Alternative Investment Fund Managers Directive 2011/61/EU as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018.

The Investment Manager

Polar Capital LLP is the investment manager of the Company (the "Investment Manager"). The Investment Manager is authorised and regulated by the FCA and is a registered investment adviser with the United States' Securities and Exchange Commission.

Key Risks

- **Investors' capital is at risk and there is no guarantee the Company will achieve its objective.**
- **Past performance is not a reliable guide to future performance.**
- **The value of investments may go down as well as up.**
- Investors might get back less than they originally invested.
- The value of an investment's assets may be affected by a variety of uncertainties such as (but not limited to): (i) international political developments; (ii) market sentiment; and (iii) economic conditions.
- The shares of the Company may trade at a discount or a premium to Net Asset Value
- The Company may use derivatives which carry the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions.
- The Company invests in assets denominated in currencies other than the Company's base currency and changes in exchange rates may have a negative impact on the value of the Company's investments.
- The Company invests in a concentrated number of companies based in one sector. This focused strategy can lead to significant losses. The Company may be less diversified than other investment companies.
- The Company may invest in emerging markets where there is a greater risk of volatility than developed economies, for example due to political and economic uncertainties and restrictions on foreign investment. Emerging markets are typically less liquid than developed economies which may result in large price movements to the Company.

Important Information

Not an offer to buy or sell:

This document is not an offer to buy or sell or a solicitation of an offer to buy or sell any security, and under no circumstances is it to be construed as a prospectus or an advertisement. This document does not constitute, and may not be used for the purposes of, an offer of the securities of, or any interests in, the Company by any person in any jurisdiction in which such offer or invitation is not authorised.

Information subject to change:

Any opinions expressed in this document may change.

Not Investment Advice:

This document does not contain information material to the investment objectives or financial needs of the recipient. This document is not advice on legal, taxation or investment matters. Prospective investors must rely on their own examination of the consequences of an investment in the Company. Investors are advised to consult their own professional advisors concerning the investment.

No reliance:

No reliance should be placed upon the contents of this document by any person for any purposes whatsoever. None of the Company, the Investment Manager or any of their respective affiliates accepts any responsibility for providing any investor with access to additional information, for revising or for correcting any inaccuracy in this document.

Performance and Holdings:

All data is as at the document date unless indicated otherwise. Company holdings and performance are likely to have changed since the report date. Company information is provided by the Investment Manager.

Benchmark

The Company is actively managed and uses the MSCI ACWI Financials Net TR Index as a performance target and to calculate the performance fee. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Company invests. The performance of the Company is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found www.mscibarra.com.

Third-party Data

Some information contained in this document has been obtained from third party sources and has not been independently verified. Neither the Company nor any other party involved in compiling, computing or creating the data makes any warranties or representations with respect to such data, and all such parties expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any data contained within this document.

Further Information about the Company

Investment in the Company is an investment in the shares of the Company and not in the underlying investments of the Company. Further information about the Company and any risks can be found in the Company's Key Information Document, the Annual Report and Financial Statements and the Investor Disclosure Document which are available on the Company's website, found at:
www.polarcapitalglobalfinancialstrust.com

POLAR CAPITAL

Polar Capital Global Financials Trust plc

polarcapitalglobalfinancialstrust.com