

## Trust Fact Sheet

31 October 2016



### Trust Facts

#### Ordinary Shares

Share Price	111.25p
NAV (undiluted) per share	128.32p
NAV (diluted) per share	126.31p
Premium	-
Discount	-13.30%
Capital	172,175,000 shares of 25p

#### Subscription Shares <sup>1</sup>

Share Price	4.35p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

#### Assets & Gearing <sup>2</sup>

Total Net Assets	£220.9m
AIC Gearing Ratio	7.18%
AIC Net Cash Ratio	0.00%

#### Historic Yield (%)

**2.99**

#### Dividends (p/share)

August 2016 (paid)	1.95
February 2016 (paid)	1.38
August 2015 (paid)	1.85
February 2015 (paid)	1.35

#### Benchmark

MSCI World Financials Index

#### Fees <sup>3</sup>

Management	0.85%
Performance	10%

#### 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)	8.80	14.35	20.10	10.58	21.84
■ NAV (undiluted per Share) (TR)	7.79	15.27	21.83	21.08	42.41
■ MSCI World Financials Index TR	8.80	13.40	24.18	24.56	44.32

### Discrete Performance (%)

	30/11/15 31/10/16	28/11/14 30/11/15	29/11/13 28/11/14	01/07/13 29/11/13
Ordinary Share Price (TR)	10.84	6.22	-2.14	5.75
NAV per Share (TR)	18.73	5.23	9.86	3.75
MSCI World Financials Index TR	21.57	0.88	10.98	6.03

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. For full details of the subscription shares and their exercise terms please refer to the Prospectus and the notes of the Company's website. Each share confers the right to subscribe for 1 Ordinary share at 115p on 31 July 2017.
2. Gearing calculations are exclusive of current year revenue.
3. The performance fee is on any outperformance over a hurdle of the index +1.25% per annum. Further details can be found in the Report and Accounts and Prospectus.

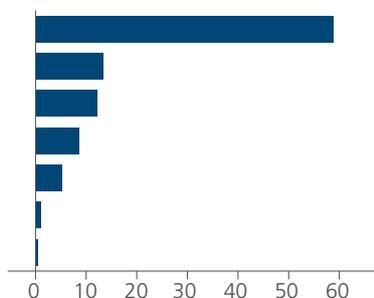
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 31 October 2016

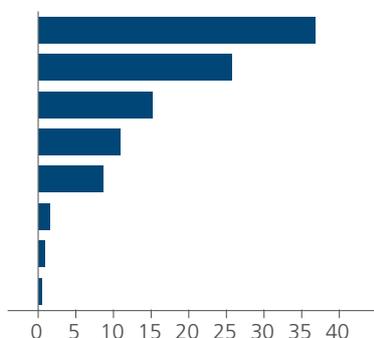
### Sector Exposure (%)

Banks	58.8
Diversified Financials	13.4
Insurance	12.3
Fixed Income	8.7
Real Estate	5.2
Software & Services	1.2
Cash	0.5



### Geographic Exposure (%)

North America	36.7
Europe	25.7
Asia Pac (ex-Japan)	15.2
UK	10.9
Fixed Income	8.7
Japan	1.5
Latin America	0.8
Cash	0.5



### Top 15 Holdings (%)

JPMorgan	3.7
ING Groep	3.2
Chubb	3.1
Wells Fargo	2.9
BNP Paribas	2.5
Swedbank	2.5
Bank of America	2.4
Sampo	2.1
Citigroup	2.0
KBC Groep	2.0
PNC	2.0
Marsh & McLennan	2.0
Toronto-Dominion	1.9
Solar Capital	1.8
Ares Capital	1.7

**Total 35.8**

**Total Number of Positions 77**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	70.9
Medium (US\$ 0.5bn - 5bn)	24.7
Small (less than US\$ 0.5bn)	4.4

## 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 2017
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.polarcapitalglobalfinancialtrust.co.uk](http://www.polarcapitalglobalfinancialtrust.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](http://www.shareview.co.uk)

### Codes

#### Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

#### Subscription Shares <sup>1</sup>

ISIN	GB00B9XQV370
SEDOL	B9XQV37
London Stock Exchange	PCFS

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 2016

Financials rallied strongly in October, significantly outperforming underlying equity markets with the MSCI World Financials Index rising by 8.8% versus the MSCI World Index which rose 4.0% both benefiting from Sterling weakness (both in GBP terms). As a result, while relative performance of financials remains disappointing year-to-date, they are now no longer the worst performing sector, with the healthcare sector lagging financials by over seven percentage points. Against this background the Trust's net asset value rose by 7.8% (in GBP terms).

Banks led the rally in financials, as bond yields backed up, in part on the back of an increasing belief that monetary stimulus has reached its limits and governments will have to resort to the fiscal pumps to drive growth if needed. During the month a number of brokers also turned positive on the sector seeing it as a good hedge against a rise in inflation and interest rates. Conversely, REITs performed poorly, falling by 0.5%, and our holdings here were a drag on performance as were our fixed-income holdings.

European bank share prices performed very strongly over the month, with two of the best performing stocks in the Trust being BNP Paribas and ING Group rising 15.5% and 9.1% respectively, in EUR terms, benefiting from the better sentiment towards the sector. Speculation that the European Central Bank (ECB) could taper its government bond purchases, although dampened in the short-term by Mario Draghi, the President of the ECB, his statement that "extraordinary support won't last forever" helped to underpin the improvement in sentiment.

Third-quarter US and European bank results have been largely better than expected. In Europe, despite mixed net interest income trends, banks have consistently beaten expectations driven primarily by better trading and lower provisioning for loan losses. Nordic banks did, however, benefit from better upward pricing, in particular on mortgages. US banks results were better than forecast for largely the same reasons.

Emerging market financials underperformed in the month with sentiment affected by the raised expectations for a December rate rise in the US as well as a tightening in the US election polls. Whilst difficult to separate populist rhetoric from intended policy, Trump's hard line on trade, including a proposed renegotiation of the North American Free Trade Agreement, a cancellation of Trans-Pacific Partnership and imposition of 45% tariffs on Chinese goods, has implications for emerging markets. The Mexican peso has become closely correlated to movements in the US polls and moves inversely to Trump's election chances.

Cost cutting remains an important driver of returns. ING announced a significant scaling back of its branch network, in October, which will involve halving the number of branches it has in Belgium and lead to loss of more than 5,000 jobs. Lloyds Banking Group which had announced a cost cutting exercise in the aftermath of the UK referendum result, to offset the pressure on net interest income revenues, raised its guidance for cost cuts further.

Litigation has fallen significantly over the last couple of years and we expect it to fall further, albeit a very small number of banks still have unresolved settlements and some raised their provisions during the third quarter. JPMorgan has gone so far as to reduce provisions this year by US\$547m although at the other end Lloyds Banking Group took a further £1bn provision, in the third quarter, for PPI to take the overall cost to the bank to £17bn. More importantly their CFO stated that "this would be the last significant PPI provision we expect to take".

We increased our bank exposure during the month, adding to holdings in BNP Paribas, Virgin Money, Commonwealth Bank of Australia and Wells

Fargo while adding a new holding in Keycorp, a large US regional bank. A new holding in the Tier 2 securities of Aldermore Group was purchased on issue offering a yield of 8.5%. Against these purchases we reduced holdings in UBS, Sumitomo Mitsui, First Republic and Pacific Premier, the latter two both Californian regional banks. We also marginally reduced our exposure to REITs.

We remain positive on the outlook for the sector as despite the rally it remains out of favour and trades at a large discount to the underlying equity market. However, if optimism about a pick-up in global growth and inflation, particularly in the US, peters out and central bankers find renewed fervour in maintaining interest rates at their current low level and extending quantitative easing then we would expect recent good performance of banks shares to reverse.

A lesser concern, albeit one which would be a short-term hit to more positive share price performance of bank stocks, is the Basel Committee's deliberation on so-called Basel IV. There is some anecdotal evidence that the proposals will be worse than expected and require yet further substantial increases in capital requirements, at complete odds with statements from a number of central bankers and European politicians.

Mark Carney, the Governor of the Bank of England, is one of those. At a recent testimony, in front of a House of Lords Committee, he reiterated not only that there would be no substantial increase in capital requirements for banks but that the Bank of England were putting forward proposals to the Basel Committee to lower capital requirements, for low loan-to-value mortgages, when calculated on what is called standardised approach. This would, if agreed, be helpful for UK challenger banks, in which we have holdings, enabling them to compete more effectively with their larger peers.

He also went into some detail on why he disagreed with the policy of negative interest rates, due to the resulting negative feedback loop it had through lower bank profitability, share prices and therefore their willingness to lend. He highlighted the unintended consequences of this policy in Switzerland, which has negative rates, where banks have raised interest rates on mortgage loans to offset the cost of negative interest rates on their funding. Furthermore, with respect to the argument for a better balance between fiscal and monetary policy he agreed stating that "monetary policy has been overburdened".

**Nick Brind & John Yakas**

7 November 2016

### Fund Managers



**Nick Brind**  
Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 22 years of industry experience.



**John Yakas**  
Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 28 years of industry experience.

# Polar Capital Global Financials Trust plc

## Important Information

**Important Information** This document is provided for the sole use of the intended recipient and is not a financial promotion. It shall not and does not constitute an offer or solicitation of an offer to make an investment into any Fund or Company managed by Polar Capital. It may not be reproduced in any form without the express permission of Polar Capital and is not intended for private investors. This document is only made available to professional clients and eligible counterparties. The law restricts distribution of this document in certain jurisdictions; therefore, it is the responsibility of the reader to inform themselves about and observe any such restrictions. It is the responsibility of any person/s in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Polar Capital Global Financials Trust plc is an investment company with investment trust status and as such its ordinary and subscription shares are excluded from the FCA's (Financial Conduct Authority's) restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply. Subscription shares will have a dilutive effect on ordinary shares when the net asset value (NAV) is greater than the conversion price. It is not designed to contain information material to an investor's decision to invest in Polar Capital Global Financials Trust plc, an Alternative Investment Fund under the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") managed by Polar Capital LLP the appointed Alternative Investment Manager. In relation to each member state of the EEA (each a "Member State") which has implemented the AIFMD, this document may only be distributed and shares may only be offered or placed in a Member State to the extent that (1) the Fund is permitted to be marketed to professional investors in the relevant Member State in accordance with AIFMD; or (2) this document may otherwise be lawfully distributed and the shares may otherwise be lawfully offered or placed in that Member State (including at the initiative of the investor). As at the date of this document, the Company has not been approved, notified or registered in accordance with the AIFMD for marketing to professional investors in any member state of the EEA. However, such approval may be sought or such notification or registration may be made in the future. Therefore this document is only transmitted to an investor in an EEA Member State at such investor's own initiative. SUCH INFORMATION, INCLUDING RELEVANT RISK FACTORS, IS CONTAINED IN THE COMPANY'S OFFER DOCUMENT WHICH MUST BE READ BY ANY PROSPECTIVE INVESTOR.

**Statements/Opinions/Views** All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. This material does not constitute legal or accounting advice; readers should contact their legal and accounting professionals for such information. All sources are Polar Capital unless otherwise stated.

**Third-party Data** Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any data contained herein.

**Holdings** Portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the Company. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the Company's best interest to do so. 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. This document is not a recommendation to purchase or sell any particular security. It is designed to provide updated information to professional investors to enable them to monitor the Company.

**Benchmarks** The following benchmark index is used: MSCI World Financials Index. This benchmark is generally considered to be representative of the Financial Equity universe. The benchmark 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](http://www.msci.com) for further information on this index. 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.

**Regulatory Status** Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the UK Financial Conduct Authority ("FCA") and is registered as an investment adviser with the US Securities & Exchange Commission ("SEC"). A list of members is open to inspection at the registered office, 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the Investment Manager which can reasonably be expected to provide one investor with more favourable rights, which are material, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Registrar on 0800 876 6889.

**Information Subject to Change** The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

**Forecasts** References to future returns are not promises or estimates of actual returns Polar Capital may achieve. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that have not and may not take place.

**Performance/Investment Process/Risk** Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Factors affecting the Company's performance may include changes in market conditions (including currency risk) and interest rates and in response to other economic, political, or financial developments. The Company's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Company to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Those in possession of this document must read the Company's Investment Policy and Annual Report for further information on the use of derivatives. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Investments are not insured by the FDIC (or any other state or federal agency), or guaranteed by any bank, and may lose value. No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable.

**Allocations** The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum or prospectus for a description of the investment allocations as well as the risks associated therewith. Please note that the Company may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Company is dependent on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the Fund while minimizing its risk. The actual investments in the Company may or may not be the same or in the same proportion as those shown herein.

**Country Specific Disclaimers** The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") and the holders of its shares will not be entitled to the benefits of the Investment Company Act. In addition, the offer and sale of the Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). No Securities may be offered or sold or otherwise transacted within the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act). In connection with the transaction referred to in this document the shares of the Fund will be offered and sold only outside the United States to, and for the account or benefit of non U.S. Persons in "offshore- transactions" within the meaning of, and in reliance on the exemption from registration provided by Regulation S under the Securities Act. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Any failure to comply with the above restrictions may constitute a violation of such securities laws.