

## Trust Fact Sheet

28 August 2015



### Trust Facts

#### Ordinary Shares

Share Price	106.25p
NAV (undiluted) per share	109.85p
Premium	-
Discount	-3.28%
Capital	173,700,000 shares of 25p

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

Share Price	7.25p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

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

Total Net Assets	£190.8m
AIC Gearing Ratio	2.75%
AIC Net Cash Ratio	0.00%

#### Historic Yield (%)

**3.01**

#### Dividends (p/share)

August 2015 (paid)	1.85
February 2015 (paid)	1.35
July 2014 (paid)	1.75

#### 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 on Page 4 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 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 Months	6 Months	1 Year	Since Launch
■ Ordinary Share Price (TR)	-3.09	0.86	7.25	12.12	12.30
■ NAV (undiluted per Share) (TR)	-3.51	-4.26	1.47	7.75	18.24
■ MSCI World Financials Index TR	-5.42	-6.69	-3.20	3.66	15.16

### Discrete Performance (%)

	28/11/14	29/11/13	30/11/12	30/11/11	30/11/10
	28/08/15	28/11/14	29/11/13	30/11/12	30/11/11
Ordinary Share Price (TR)	8.51	-2.14	-	-	-
NAV per Share (TR)	3.73	9.86	-	-	-
MSCI World Financials Index TR	-2.13	10.98	-	-	-

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP. 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.

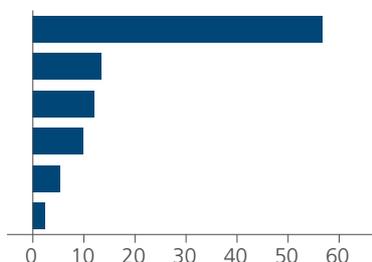
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 28 August 2015

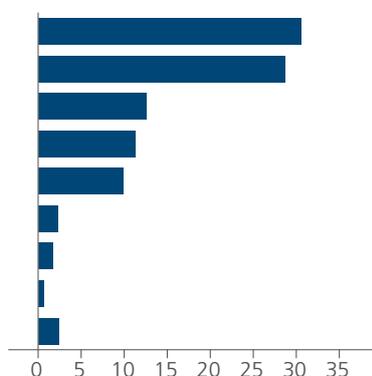
### Sector Exposure (%)

Banks	56.8
Diversified Financials	13.5
Insurance	12.1
Fixed Income	9.9
Real Estate	5.4
Cash	2.4



### Geographic Exposure (%)

Europe	30.5
North America	28.6
UK	12.6
Asia Pac (ex-Japan)	11.2
Fixed Income	9.9
Japan	2.3
Eastern Europe	1.7
Latin America	0.7
Cash	2.4



### Top 15 Holdings (%)

JPMorgan	3.0
ING Groep	3.0
Wells Fargo	2.7
Société Générale	2.5
ACE	2.3
Sumitomo Mitsui Financial	2.3
OneSavings Bank	2.2
Sampo	2.1
PNC	2.1
Citigroup	2.1
BNP Paribas	2.0
KBC Groep	1.9
Barclays	1.9
Intesa Sanpaolo SpA	1.9
UBS Group AG	1.9

**Total** **33.9**

**Total Number of Positions** **69**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	68.4
Medium (US\$ 0.5bn - 5bn)	26.5
Small (less than US\$ 0.5bn)	5.1

## 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 2016
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 28 August 2015

August was a dreadful month for financial markets as concerns over China led to sharp falls in equity markets, with the MSCI World Index falling by 4.4%. Despite rallying sharply towards the end of the month emerging markets still closed down 7.5%. Commodities also saw further falls although crude oil prices bounced to end the month higher. The US dollar was also slightly weaker against the euro and Japanese yen. Against this background financials underperformed falling by 5.4%, as illustrated by the MSCI World Financials Index, while the Trust's net asset value fell 3.5%.

The portfolio held up relatively well during the month. We have no exposure to Chinese financials and we have minimal exposure to Hong Kong. This reflects our view that Chinese banks are primarily entities for fulfilling state policies rather than being driven by the desire to make profitable returns through the accurate pricing of commercial risks. Recent trends coming out of Hong Kong banks are worrying. Despite Chinese banks announcing only marginal deteriorations in their loan books, Hong Kong banks' China loan books have seen in some cases a doubling of the level of non-performing loans to levels which are significantly higher than those of the Chinese banks.

But China is not the only source of concern since there is a slowdown underway in other major emerging markets, such as Russia, Brazil and Turkey – all areas where we have no exposure to the banking sector. Trends in non-performing loans have been deteriorating in a number of emerging markets and we have cut back our exposure to these markets significantly over the last year. Our largest holding, at 1.3% of the portfolio, is Komerční, the Czech Republic's largest bank. Although we have reduced our holding, it remains very profitable and extremely well capitalised with an equity Tier 1 ratio of 16.5%.

While emerging markets were extremely weak, a bigger driver of our relative performance over the month was, in part, the defensive nature of the portfolio, albeit our underweighting of real-estate investment trusts did not help as they only fell 2.0%. More importantly, stock selection was a bigger driver, with One Savings Bank and Aldermore, two of the so-called 'challenger' banks, and Novae, the property & casualty insurer, all seeing sharp rises in their share prices. A number of other stocks all held up well during the month; for example, American Express, Discover Financial Services, and Pacific Premier Bancorp (a bank based in Southern California).

One Savings Bank and Aldermore's share prices jumped, partly on the back of better-than-expected results as profits were higher than expected on lower expenses and wider net interest margins, with management raising their guidance for loan growth. Their share prices had been hit in July on the back of the announcement of a UK bank tax and higher taxes on buy-to-let investors. Although the new bank tax is largely replacing the bank levy, which will reduce over time, it will have a larger impact on the smaller UK banks as they were exempted from the levy.

There has been some lobbying to reverse this decision (with both Labour and the SNP supportive of a change, according to the Sunday Times) and it has been suggested that George Osborne, the Chancellor of the Exchequer, is open to raising the level of profits, currently £25m, at which point it is levied, due to the unintended impact on lending to small businesses from the new tax. We had estimated the impact would be around a 6% hit to earnings, assuming the lobbying turns out to be unsuccessful, so more than manageable.

The management of One Savings Bank, however, on their results stated there would be no impact to earnings estimates from the tax increase as they had put out very conservative forecasts that they knew they could beat. Similarly both banks stated that the changes announced with respect of the buy-to-let market, would have no impact on the business. In fact, loan applications have increased post the budget. Competition remains benign and both banks also highlighted the speed of service as one of the competitive advantages they have over their larger peers.

Novae announced a solid set of results. Its shares have continued to re-rate in recent months on the back of improvements in profitability and scarcity value following the increase in M&A activity in the sector and perception, fairly or not, that it is vulnerable to a bid. Nearly 15 years ago the share price of SVB Group, as it was then known, collapsed on the back of a surge in claims on professional indemnity insurance and D&O (directors and officers) insurance followed shortly after by significant losses on the World Trade Center that hit the whole industry. It has taken years for the group to recover and it is only in the last few years that this hard work by management has paid off.

We raised a little cash in the first half of the month from reducing holdings in, amongst others, EastWest Bancorp, a Los Angeles headquartered regional bank, KBC, Belgium's largest bank, UBS, and Sparebank SR1, a Norwegian savings bank. Against these purchases we added to holdings in ING, Banca Sistema, a small Italian bank which only recently IPOed, and Bank of America (Bank of America is the second-largest bank in the US by assets). After taking into account the payment of the interim dividend of 1.85p per share, at the end of the month cash fell slightly.

**Nick Brind & John Yakas**

7 September 2015

### Fund Managers



**Nick Brind**  
Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 21 years of industry experience.



**John Yakas**  
Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 27 years of industry experience.

# Polar Capital Global Financials Trust plc

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