Polar Capital Global Financials Trust plc

Trust Fact Sheet

31 October 2018

Trust Facts

Ordinary Shares

Share Price	129.50p
NAV per share	136.28p
Premium	-
Discount	-4.98%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£276.3m
AIC Gearing Ratio	1.73%
AIC Net Cash Ratio	0.00%

Historic Yield (%)[6] **3.13**

Dividends (p/share)

July 2018 (paid)	2.25
February 2018 (paid)	1.80
July 2017 (paid)	2.10
February 2017 (paid)	1.60

Benchmark [4]

MSCI World Financials + Real Estate Net Total Return 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

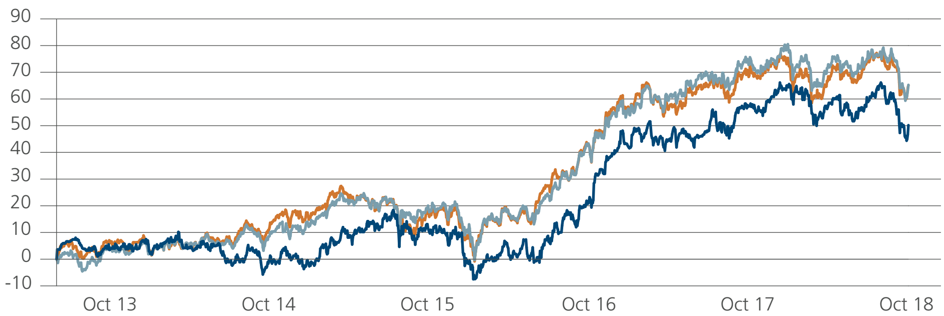
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

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 month	YTD	1 year	3 years	5 years	Since Launch
Ordinary Share Price (TR) [5]	-5.65	-5.47	-8.04	-4.58	36.30	44.41	50.18
NAV per Share (TR)	-5.33	-7.02	-4.53	-4.33	40.52	58.70	65.27
Benchmark [4]	-4.20	-5.19	-3.95	-1.88	42.50	55.70	65.11

Discrete Performance (%)

	30.11.17 31.10.18	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]	-3.55	16.66	21.43	6.22	-2.14
NAV per Share (TR)	-3.11	16.40	22.17	5.23	9.86
Benchmark [4]	-2.15	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 Net Total Return Index since August 2016 to present.
5. 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.
6. 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.

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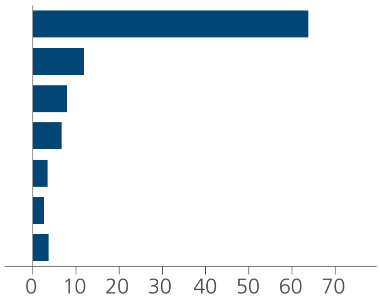
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 October 2018

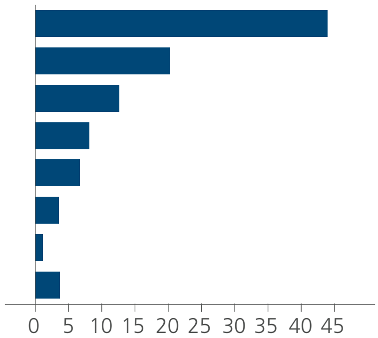
Sector Exposure (%)

Banks	63.8
Insurance	11.8
Diversified Financials	7.9
Fixed Income	6.7
Real Estate	3.4
Software & Services	2.6
Cash	3.7



Geographic Exposure (%)

North America	43.9
Europe	20.2
Asia Pacific (ex-Japan)	12.7
UK	8.2
Fixed Income	6.7
Japan	3.6
Eastern Europe	1.2
Cash	3.7



Top 15 Holdings (%)

JPMorgan	5.6
Bank of America	4.1
Wells Fargo	3.3
Chubb	2.8
Citigroup	2.8
Mastercard	2.6
Sumitomo Mitsui Financial	2.6
Marsh & McLennan	2.3
Toronto-Dominion	2.2
PNC	2.2
Arch Capital	2.1
US Bancorp	2.1
KBC Groep	2.1
KeyCorp	2.0
Sampo	1.9
Total	**40.7**

Total Number of Positions **68**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	81.3
Medium (US$ 0.5bn - 5bn)	14.6
Small (less than US$ 0.5bn)	4.0

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 2019
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 2018

Financials came under severe pressure in October on the back of a sharp fall in equity markets which, as illustrated by the MSCI World Index, fell by close to 8% before recovering some of the falls. Financials marginally outperformed, despite US and European banks being particularly weak. Against this background the Trust's net asset value fell by 5.3%, lagging our benchmark index, the MSCI World Financials + Real Estate Net Total Return Index (in sterling terms).

The biggest detractors were SVB Financial Group, Pacific Premier Bancorp and Mastercard as US regional banks were particularly weak. Some of the share price falls have been baffling since stocks which marginally miss their estimates often correct dramatically (and any growth premium quickly dissipates) and more broadly though the sector is constantly improving fundamentals, investor sentiment remains in the doldrums.

Somewhat disappointing has been investors reaction to US bank Q3 results which show a sector which is in good health and generating the best returns since before the global financial crisis and with balance sheets which are showing very few signs of stress. Net interest margins for the majority of large banks continue to rise (and are reaching levels last seen in 2013) even though the pace of rises is slowing as deposits start to reprice more aggressively. However, even on this issue a number of banks implied that Q4 will see a catch-up in asset yields which will add to margins by the year end.

Loan growth remains weak and we accept this has been disappointing since rising interest rates should have resulted in a shift away from the bond market to the loan market, but equally we do not view this as reason for a sharp correction since risk-adjusted returns continue to rise. Anecdotally there is some evidence that banks are coming under considerable competitive pressure from non-bank financing. Cost/income ratios continue to trend down and asset quality remains pristine. Overall, the average return on assets of 1.4% (average of the 13 largest US banks we focus on) is the highest it has been since before the financial crisis and yet share performance has been weak and valuations remain low.

The sell-off in European financials intensified in October with broader macro concerns compounded by uncertainty related to the Italian government's confrontation with the EU, Brexit negotiations and money laundering concerns in the Nordics following revelations regarding Danske Bank's (no exposure in the Trust) Estonian unit. The 3Q18 results to date have come slightly ahead of expectations on average although driven by lower impairments with pre-provision profit in line and capital coming ahead of consensus.

While low rates remain a headwind to revenues, we would expect limited change to earnings expectations following results with the sell-off leading to a significant derating in the sector. Valuations are approaching previous crisis levels despite material improvements in balance sheets resulting in increasing levels of capital return (the relative dividend yield on the sector is at its highest point since 2008). The breakdown in the correlation between inflation expectations or bund yields to European banks highlights the recovery potential once the overhang from various political issues is removed.

Emerging market financials continue to come under pressure with finance companies being in the front line of selling (the Trust has very little exposure). We are not surprised they have come under pressure since their non-deposit-driven funding models mean their net interest margins narrow during rising interest rate environments, but investors should note they are highly profitable franchises which can withstand considerable pressures and yet trade at very low valuations. Our view is that funding pressures will eventually settle down and profitability will remain good unless there is a material rise in unemployment or a recession.

With valuations for bank shares now having fallen close to previous lows on some metrics we selectively started adding to a number of holdings during the month including Keycorp, Standard Chartered and DNB. We also started a new holding in Bank of NT Butterfield & Son, a $2.3bn market-cap bank headquartered in Bermuda with a relatively low risk balance sheet, following a fall in its share price on the back of a lowering of the earnings accretion from its most recent acquisition.

This has not been a good year for the financials sector, and banks in particular. While some of the leading indicators we look at do suggest that economic growth is going to slow into 2019, as yet they do not predict a recession next year. We would argue that against this background the degree of underperformance of bank shares looks anomalous, as they price in a much sharper slowdown.

Either leading indicators continue to worsen, or bank shares should bounce reflecting the significant improvement in balance sheets, profitability and capital returns. Insurance stocks which had been underperforming have, understandably, had better relative performance in recent months as have real estate investment trusts, albeit less understandable with the headwind of higher bond yields. We remain positive on the sector.

Nick Brind & John Yakas

8 November 2018

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 24 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 30 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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