Polar Capital Global Financials Trust plc

Report and Financial Statements for the year ended 30 November 2017

POLAR CAPITAL

About Us

Investment Objective

The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

Investment Policy

The Company seeks to achieve its objective by investing primarily in a global portfolio consisting of listed or quoted securities issued by companies in the financial sector operating in the banking, insurance, property and other sub-sectors. The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation.

Full details of the investment policy are set out in the Strategic Report.

Benchmark

The Company's Benchmark is the MSCI World Financials + Real Estate ('RE') Index (in Sterling with dividends reinvested). This Index was adopted with effect from 1 September 2016.

Capital Structure

As at 30 November 2017, the Company had 202,775,000 ordinary shares in issue.

On 31 July 2017, the single conversion date, the subscription shareholders had the opportunity to exercise their rights to subscribe for one ordinary share per subscription share at a price of 115p per ordinary share. All of the subscription shares were exercised and the Company issued 30,600,000 ordinary shares. The Company did not buy back any subscription shares prior to the conversion and no ordinary shares were bought back during the year.

Life of the Company

The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in April 2020, but in any event, no later than 31 May 2020.

Gearing and Use of Derivatives

In line with the Articles of Association, the Company may employ borrowing from time to time with the aim of enhancing returns, subject to a maximum of 15% of net assets at the time the relevant borrowing is taken out. At the beginning of the year, the Company had an arrangement with ING Bank NV for one year bank loans totalling £20m, of which £17.5m had been drawn down. In July 2017, the Company entered into a replacement arrangement with ING Bank NV for a one year revolving credit facility in the amount of £15m, and a one year term loan, also for £10m. At the year end, £10m had been drawn down under these facilities.

The Company may invest through equities, index-linked, equity-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other interests including derivative instruments. Forward transactions, derivatives (including put and call options on individual positions and indices) and participation notes may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. Any use of derivatives for investment purposes is made on the same principles of risk spreading and diversification that apply to the Company's direct investments.

Management

The Investment Manager and AIFM is Polar Capital LLP and Mr Nick Brind and Mr John Yakas have managed the portfolio since launch.

The Investment Manager and AIFM is entitled to a fee at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value. 80% of the management fee is charged to the capital account and the remaining 20% to income.

The Investment Manager may also be entitled to a performance fee paid in cash. The fee is equal to 10% of the excess return over the performance fee hurdle. The hurdle is 100p increased or decreased by reference to the return on the Benchmark plus 1.25p per annum. The performance is adjusted to take into account dividends paid by the Company. The fee is calculated and payable on the liquidation of the Company. Further details are given in the Strategic Report.

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Financial Highlights
For the year ended 30 November 2017

Performance (Sterling total return)	For the year ended 30 November 2017 %	Since Inception %
Net asset value (NAV) per ordinary share (note 1)	16.4	70.5
Ordinary share price (note 2)	16.7	55.6
Ordinary share price including subscription share value (note 3)	–	60.4

Benchmark	For the year ended 30 November 2017 %	Since Inception %
MSCI World Financials + RE Index (note 4)	14.2	68.8
Other Indices and peer group		
MSCI World Index	14.4	76.4
S&P 500 Index	13.7	102.6
STOXX Europe 600 Index	20.5	54.5
FTSE All Share Index	13.4	41.3
Lipper Financial Sector (note 5)	15.3	48.8

Financials	30 November 2017	30 November 2016	Change %
Net assets per ordinary share (note 6)			
Undiluted	144.6p	132.0p	+9.6
Diluted	144.6p	129.4p	+11.8
Share price			
Ordinary shares	138.2p	121.8p	+13.5
Subscription shares (note 7)	–	8.6p	
Shares in issue			
Ordinary shares (note 7)	202,775,000	172,175,000	+17.8
Subscription shares (note 7)	–	30,600,000	–
Total dividend	3.90p	3.55p	+9.9

Expenses			
Ongoing Charges (note 8)	0.99%	1.02%	n/a

Dividends

The Company has paid or declared the following dividends relating to the financial year ended 30 November 2017:

Pay Date	Amount per ordinary share	Record Date	Ex-Date	Declared date
31 August 2017	2.10p	21 July 2017	20 July 2017	11 July 2017
28 February 2018	1.80p	9 February 2018	8 February 2018	24 January 2018

Note 1 The total return NAV performance for the period is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Performance since inception has been calculated from the initial NAV of 98p to 30 November 2017. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Company's benchmark and other indices.

Note 2 The total return share price performance is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date. Performance since inception has been calculated using the launch price of 100p and the closing share price on 30 November 2017.

Note 3 The total return share price performance since inception includes the value of the subscription shares issued, free of payment at launch on the basis of 1 for 5 ordinary shares and assumes such are held throughout the period from launch to the conversion date of 31 July 2017. Performance is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date and uses the launch price of 100p per ordinary share and the closing price per ordinary share on 30 November 2017.

Note 4 The Benchmark was the MSCI World Financials Index to 31 August 2016, and was changed to the MSCI World Financials + RE Index for all periods from 1 September 2016.

Note 5 The Lipper Financial Sector comprises 57 open ended funds.

Note 6 There was a difference between the diluted and undiluted net asset values when the subscription share conversion price was lower than the NAV per share.

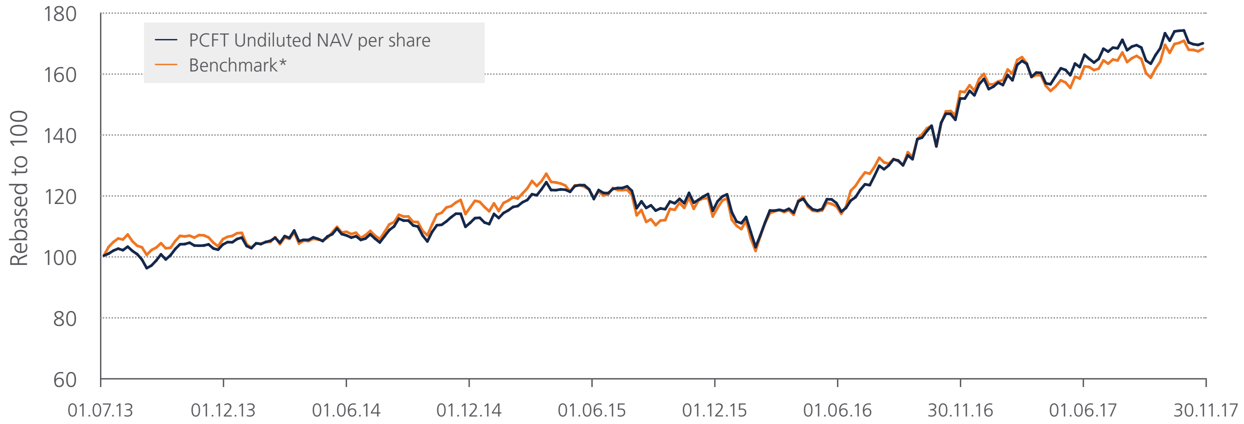
Note 7 Following the conversion of subscription shares in July 2017, 30,600,000 new ordinary shares were issued to investors. There were no subscription shares in issue as at 30 November 2017.

Note 8 Ongoing charges represents the total expenses of the Company, excluding finance costs, expressed as a percentage of the average daily net asset value, calculated in accordance with AIC guidance issued in May 2012.

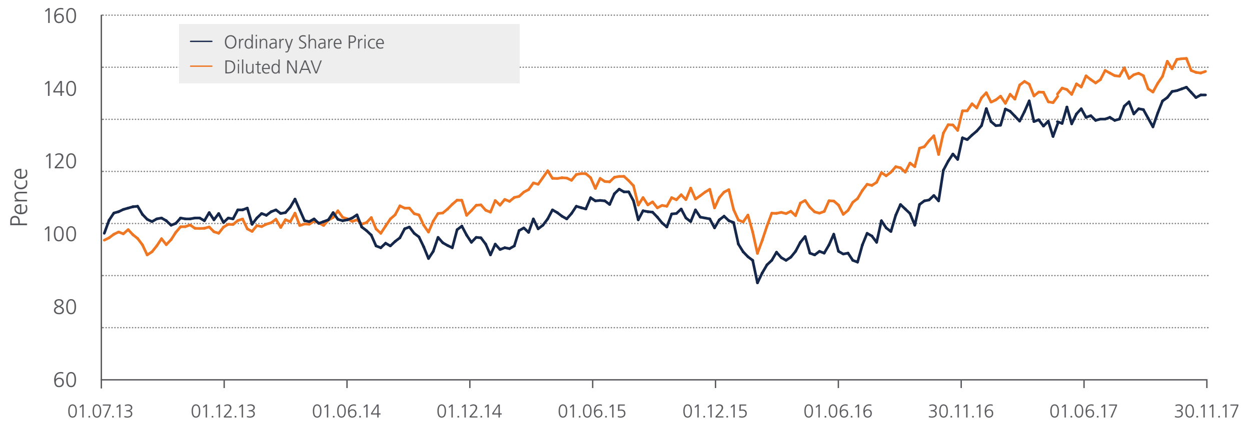
Data sourced by HSBC Securities Services Limited, Polar Capital LLP and Lipper.

Performance

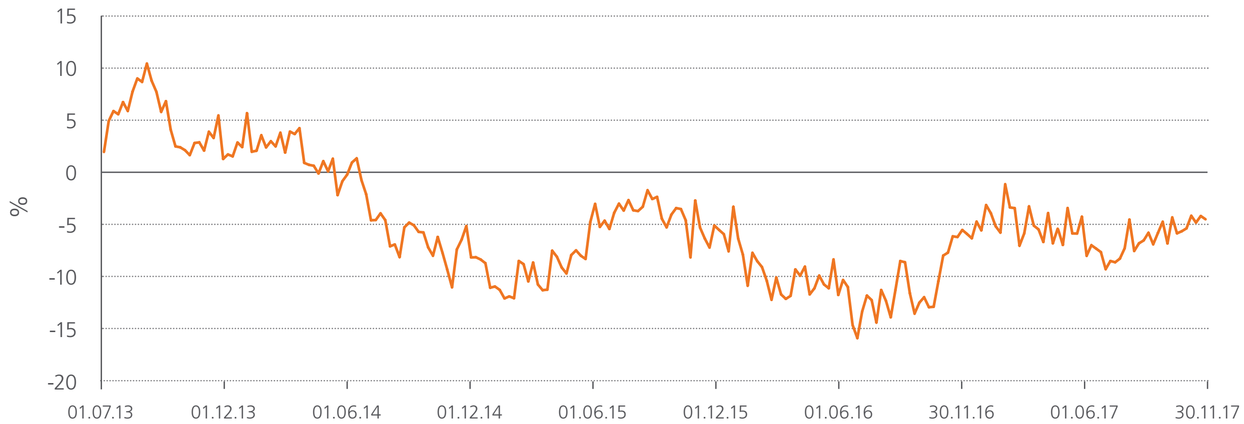
Performance Since Launch



Share Price/Diluted NAV



Share Price Premium/Discount to the Diluted NAV



Source: Polar Capital.

* See note 4 on page 1 for a definition of the Benchmark.

Chairman's Statement

Robert Kyprianou

Dear Shareholders

On behalf of the Board I submit the Company's Annual Report for the year to 30 November 2017, the Trust's fourth full financial year. This has been a particularly busy year for your Manager and the Board, with normal business supplemented by a review of the Company's investment benchmark (on which I reported in the Interim Statement), the Subscription Share expiration and preparation for MIFID II, the EU's latest ambitious and extensive regulatory reform of European financial markets. I am pleased to report that as well as concluding these matters successfully in the interests of shareholders, the Company delivered strong investment performance and income growth that underpinned the share price and allowed the Company to grow its total dividend for the year in accordance with its objectives as set out in the Prospectus.

Performance

It was a good year for global markets, with the MSCI World Index rising 14.4% in Sterling terms. Financials played their part, with the Company's benchmark, the MSCI World Financials + Real Estate (RE) Index, rising by 14.2%. Against this strong background, your Manager was able to earn additional value, delivering a NAV total return of 16.4%. Since launch the NAV total return has been 70.5% compared to its benchmark total return of 68.8% and compares very well with other funds available in this sector over the same period. The Investment Management Agreement with the Manager provides for the possibility of a performance fee to be paid at the end of the Trust's life based on a hurdle rate of return above the benchmark return. To date no performance fees have been accrued, as at 30 November 2017 performance was 4.1% below the hurdle rate at which a performance fee would be paid.

I have reported before on your Manager's consistent stock selection skills which again helped performance in the most recent year. With a bottom-up stock picking style, asset allocation tends to be a second order driver of portfolio composition. The quality of the Investment Manager's bottom up process led to a significant overweight in the banking sector and a significant underweight in REITs, the two biggest sector contributors to the Manager's excess return relative to benchmark. The breadth of the Manager's reach was demonstrated by the importance of the Asia Pacific region (ex. Japan) in the overall value added, and by the ability of the Manager to derive excess returns across the full spectrum of small, mid and large cap stocks.

The Company, at the Manager's discretion, can invest up to 10% of its assets in fixed income securities. This can be a helpful contributor to the Company's distributable income. Since launch the Manager has held fixed income securities for this purpose, at times utilising its full 10% allowance. This has not only generated income for the Company but has also contributed capital gains as bond yields have declined over the holding period. As interest rates appear to have reached the floor, the Manager has reduced the allocation to fixed income and may continue to reduce this exposure.

Please refer to the Manager's report for more detailed information on investment policy and performance attribution.

Share Capital

The Board monitors the share price discount to NAV and market conditions and determines any appropriate action. The Board has reconfirmed its authority to the Manager to use its discretion to purchase further shares if necessary in order to maintain a smooth market in the Trust's shares and where value can be added for shareholders.

Having traded at a discount in the low teens at its widest point in the previous financial year, the Trust's share price started the past financial year at a discount of 5.9% to the diluted NAV. This widened to a peak of 9.9% in the lead up to the subscription share conversion on 31 July 2017. However, possibly reflecting the improved sentiment towards the sector and the Manager's good performance, the discount narrowed once again, finishing the year at 4.4%. At the time of writing the discount stands at 3.1%. The Company did not engage in any share buybacks during the year.

Chairman's Statement continued

Share Capital continued

At the Company's launch, subscription shares were issued to investors on the basis of one subscription share for every five ordinary shares. The exercise price for conversion of the subscription shares was 115p at the exercise date of 31 July 2017. With the share price at that time trading significantly above the exercise price, I am pleased to report the conversion of all of the subscription shares into 30,600,000 ordinary shares. This took the total ordinary shares in issuance on 30 November 2017 to 202,775,000, giving a market cap at that time of £280.2m and a net asset value per ordinary share of 144.6p, up from a fully diluted net asset value per ordinary share of 129.4p a year earlier.

Regulatory change

As shareholders may be aware, from January 2018 the Trust is subject to considerable new regulation with further regulatory changes awaited later in 2018.

The first new requirements relate to the Packaged Retail and Insurance-based Investment Products (PRIIPS) and the Markets in Financial Instruments Directive II (MiFID II) regulations, in force from 1 January and 3 January 2018, respectively.

PRIIPS requires the manufacturer of a retail product to publish a Key Information Document ('KID') for consideration by investors and potential investors. The KID has prescribed content and a formulaic approach. The KID is available on the Trust's website; it should be noted that calculations are based purely on historical data and contain no judgemental analysis of the Board or Manager. It is strongly recommended that the KID is not looked at in isolation but is read in conjunction with other documents published by the Trust.

The original MiFID EU regulation came into force in 2007 and was established with the aim of creating a common internal market and increasing competition across Europe for investment services and trading activity. MiFID II extends the requirements of MiFID in relation to trading and reporting requirements. Considerable work has been undertaken and new systems were put in place by the Manager to ensure the Trust was compliant at the implementation date.

One of the primary requirements of MiFID II is the unbundling of research costs previously included in transaction commissions. To this end negotiations have been underway with the Manager to ensure the Trust receives the best value from the Manager and the performance of the Trust is not hindered by the reduction or removal of essential research. The Board has agreed with the Manager that bespoke, specialist research will be paid for by the Trust, subject to an agreed cap, while generic, waterfront research will be paid for in full by the Manager.

Costs

The Board places a high priority on monitoring the Company's expenses. At launch we had estimated an ongoing charges ratio of 1.27% of net assets. In our first financial period of five months to 30 November 2013, a ratio of 1.16% was achieved. This ratio has fallen steadily in each full year since to 1.02% in 2016 and to 0.99% in the year under review.

The expansion of the Company's share capital following the subscription share conversion on 31 July 2017 has helped to lower the charges ratio further. A full year with the higher capital base, assuming no significant share buybacks, will spread the fixed element of the cost base. The Board will continue to monitor costs closely to ensure value for money and an appropriate quality of services.

The regulatory changes set out above will cause the Trust to incur some additional administrative costs although these are expected to be minimal. In addition, the research costs to be borne by the Trust will, we expect, subject to guidance awaited from the AIC, be included in the ongoing charges calculation.

Overall, the result of our agreement with the Manager is that transaction commissions will reduce and the Trust's total NAV will bear lower research costs going forward.

Dividends

The Company aims to pursue a policy of dividend growth, although there is no guarantee that this can be achieved. The Board monitors, with the help of the Manager, the prospects for dividends from its equity holdings, interest income from cash and fixed income securities, and the potential to earn additional revenue from writing options. In its first full financial year the Company paid a total dividend of 3.1p per ordinary share as targeted at the time of the Company's launch. Since then the Company has raised the dividend in each financial year.

I am pleased to report that despite the significant increase in ordinary shares outstanding following the successful subscription share conversion, the Company will be increasing the total dividend for the latest financial year once again. In August 2017 the

Company paid an interim dividend of 2.1p per ordinary share. The Board has authorised a further dividend of 1.8p per ordinary share payable to shareholders on the register as at 9 February 2018. This will bring the total dividend paid for the financial year under review to 3.9p per ordinary share, an increase of 9.9% over the previous financial year.

Outlook

Conversations with shareholders and investors over the past year indicate that sentiment towards the sector has become more balanced and constructive. Markets are beginning to acknowledge that the toxic mix of poor behaviours, extreme leverage, excessive risk taking, lax regulation and insufficient capital that characterised the sector are being steadily and – in our view – structurally remediated.

The banking sector in the developed world has clearly been at the forefront of these difficulties and has been leading the rehabilitation. In general bank gearing has fallen considerably, operational efficiency has improved, risk hungry activities have been downsized or removed, governance and regulation strengthened and capital rebuilt to the point where capital is being returned to shareholders in some cases. This has been achieved at the same time as banks have had to deal with severe regulatory sanctions in the form of eye-watering fines, as well as a background of declining, low and, in some cases, negative interest rates.

The regulatory agenda shows little sign of easing up. IFRS 9 and MIFID II are realities in 2018; too-big-to-fail regulatory reform through MREL/ TLAC will require action; and Basel IV is under discussion again. However, it is now clear that the use of penal regulatory fines to moderate behaviours has passed its peak, and that the enactment of new laws and regulations is more sensitive to the imperative of a recovering and healthy banking system. In the US, banks are expected to be a policy beneficiary from cuts in the corporate tax rate and from the impact on growth, interest rates and loan demand.

Encouragingly, investors and analysts are talking again about growth in earnings. After a long period of low to modest growth, the global economic outlook is looking more propitious. Accordingly the interest rate trend appears more constructive for bank earnings than at any time in the past 10 years. The reduction in non-performing loans ('NPLs') has been a positive driver for US banks. Better resolution and provisioning capacity for NPLs is now in prospect in Europe as well. At the same time global capital market performance will flow to the bottom lines of asset managers and the balance sheets of insurance companies.

Further stress tests for banks lie ahead. However, there is a growing view that these may result in positive surprises. Overall, the headlines for financials are increasingly likely to refer to higher pay outs to shareholders, further share buybacks and growth in underlying earnings.

Memories of the 2007–08 financial crisis are long. For this reason, the Board and the Manager believe that the better outlook for financials is not fully reflected in valuations as the sector continues to carry a legacy risk premium. For example, as pointed out in the Manager's report, the equity market's assessment of bank risk is lagging behind that of the credit markets.

As the background news turns more positive, the Board looks forward to the continued rehabilitation of the sector and the creation of further value for shareholders.

Annual General Meeting

The Company's fifth Annual General Meeting will be held at 12 noon on Wednesday, 25 April 2018 at the offices of Polar Capital LLP, 16 Palace Street, London SW1E 5JD. This will give shareholders an opportunity to hear directly from your Manager and to meet the Board. My fellow Directors and I look forward to meeting you there and discussing the performance of your Company. We very much value your support and feedback.

Robert Kyprianou
Chairman
7 February 2018

Investment Managers' Report

For the year to 30 November 2017

Nick Brind and John Yakas

Performance

The year under review was a very good one for equity markets and the financial sector. The MSCI World Index rose by 14.4% over the period, led by European equities which were helped by a stronger Euro. The US, Japan and other developed markets lagged, despite stronger performance in the second half for US equities. Financial shares as illustrated by our benchmark index, the MSCI World Financials + RE Index, rose by 14.2%. Against this background the Trust's net asset value total return over the period was 16.4%.

Investment performance was strong in the first half, albeit some of the gains were given up at the end of November as US financials, where the Trust has a lower weighting than our benchmark, rallied sharply on the back of expectations that tax reform legislation would be passed. The outperformance over the year was driven by a combination of overweight positions in the UK, Europe and Asia, and underweight positions in Australia and Japan. Conversely, underweight positions in Spain and the US, the latter as highlighted above, were a drag on performance.

At a sector level a larger weighting in banks was helpful but conversely overweight holdings in consumer finance stocks were a drag on performance. A large underweight to real estate investment trusts relative to our benchmark index was helpful to performance as real estate stocks lagged underlying equity markets. Our holdings in fixed income securities were also a positive contributor to performance, as yields fell sharply, despite the strong performance of underlying equity markets against which fixed income securities would normally lag.

At a stock level, the biggest contributors to performance were the Trust's holdings in JPMorgan and Bank of America, both US banks, and ING Group, BNP Paribas and KBC Group, Dutch, French and Belgian banks respectively. However, we also benefitted from some of our emerging market holdings including Indiabulls Housing Finance, an Indian non-bank finance company, and Tisco Financial, a Thai bank focused on auto lending.

Conversely, the biggest detractors to performance were Novae Group, a property & casualty insurer, Synchrony Financial and Discover Financial Services, the latter two both US credit card lending businesses. Novae, where shares fell after reporting disappointing results at the beginning of the period, was taken over by Axis Capital, a US insurer, in October which reduced the negative impact from the fall. Small holdings in Alpha Bank, a Greek bank, and Cielo, a Brazilian payments business, also weighed on performance.

Investment Review

Financials had a strong start to the year but gave up their outperformance in April as concerns about the outlook for US economic growth and interest rates as well as the Trump administration's ability to deliver its legislative programme weighed on sentiment. The sector recovered the underperformance in June and then largely performed in line with underlying equity markets for the remainder of the year as some of these concerns faded.

European financials were initially held back by political concerns, namely the 'no' vote in the Italian referendum at the end of 2016, the subsequent resignation of the Italian prime minister and the risk of the French elections being a run off between Marine Le Pen, the Front National candidate, and the far left candidate, Jean-Luc Melenchon. Concern that capital requirements would be ratcheted up even further than previously expected also dampened sentiment.

European financials recovered strongly as these concerns abated and were boosted by the election of Emmanuel Macron, the centrist candidate, as French President and better results in regional elections for Angela Merkel, in Germany. Dutch elections also produced a positive result with the incumbent centre-right party retaining its majority. Positive macro data in the Eurozone also helped underpin improved sentiment towards European equities and fuelled expectations that the European Central Bank (ECB) would raise interest rates earlier than previously expected.

In the last two months of the year, European financials underperformed as the ECB raised pressure on banks to accelerate the pace of reduction in Non Performing Exposures (bad debts) with the weaker banks in the periphery particularly affected. Political risk related to the Catalan separatist movement and Merkel's failure to form a coalition, combined with the potential for higher capital requirements, also dampened sentiment.

US financials initially continued their run of strong performance seen post the US election, benefiting from a tick up in earnings expectations on the more positive outlook for US interest rates and economic growth. Furthermore, the new US administration's plans to cut taxes and regulation also helped sentiment. Expectations that the administration planned to increase fiscal spending, in particular via infrastructure investments, were positive for the sector due to the expected increase in loan demand that would result.

Nevertheless, the rally in US financials lost momentum in March and the sector gave back a lot of its performance on the back of softer economic data and therefore the expectation for a slower rise in US interest rates. Concern about the ability of the US administration to deliver its legislative agenda increased following the failure to pass healthcare reforms which lowered expectations on other parts of its agenda, primarily tax reforms and cutting regulation.

In the latter half of the year these concerns reversed. Stronger economic data and a more hawkish tone from the Federal Reserve raised interest rate expectations. Jerome Powell, President Trump's proposed candidate to replace Janet Yellen, while also pushing for continued increases in interest rates, was also perceived to be more willing to ease regulation on the financial sector. US financials rallied sharply at the end of November as tax reform looked increasingly likely to succeed.

Asian financials were weaker post the US election on concern about the impact of the US administration's trade policies and a stronger US dollar. Following this initial weakness they went on to perform well over the year although gave up some of their performance towards the end. Indian financials performed particularly well, as results suggested that the impact from demonetisation was less than originally feared and the subsequent rush of new deposits led to some margin expansion while loan growth remained strong for private sector lenders.

The region also benefited as concerns regarding the risk from US protectionist measures reduced. China's economic performance remained resilient despite concerns about moves to reduce gearing in the economy. A weaker US dollar, as well as an improving global economic outlook and expectations of only a gradual normalisation in US interest rates, also underpinned the improvement in sentiment. In the second half of the year Asian financials lagged, with some concerns on the macro outlook in India as well as signs of regulatory tightening in China.

Conversely, Australian and Japanese financials did not perform well over the period. After having been one of the biggest beneficiaries of the reflation trade post the US election, Japanese financials, although rising over the year, significantly lagged Japanese equity markets. Australian banks, similarly having performed well, suffered from profit taking on the back of the announcement of a bank tax. Canadian financials performed better, benefiting from a surprise rise in interest rates and stronger currency.

Banks have been the biggest driver of performance in the sector as they are seen as the most positively geared to rising rates as wider net interest margins feed through into higher profitability. Conversely, real estate investment trusts (REITs) lagged significantly. Rising interest rates are seen as unhelpful for REITs as property values have benefited from falling interest rates and the converse is true. REITs focused on the retail sector have been particularly weak, with concerns about rising vacancy rates from the failure of retailers due to rising competition from the internet.

The insurance sector performed largely in-line with the financial sector, reflecting it neither being seen as big a beneficiary of rising interest rates as banks, nor having the negative drag on valuations of the REIT sector. This performance was also despite 2017 likely to be one of the costliest years for catastrophes, following the hurricanes Harvey, Irma and Maria, the Mexican earthquake and wildfires in California.

There was a pick-up in merger and acquisition activity during the year with examples including the takeovers of Aldermore Group by a private equity consortium and Shawbrook by FirstRand. Banco Popular, a Spanish Bank, was taken over by Banco Santander following its collapse and Intesa Sanpaolo, the largest Italian bank, took over two small Venetian banks. Amundi, a French listed asset management company, merged with Pioneer Investments which had been owned by Unicredit, the second largest bank in Italy. The trend for further consolidation in US banking continued albeit the number of deals announced fell year on year.

Investment Manager's Report continued
For the year to 30 November 2017

Investment Review continued

Over the year we sold our holdings in Discover Financial Services and Synchrony Financial, both US credit card companies, on concerns that the recent deterioration in asset quality would continue. We also sold our holdings in Aldermore, Novae and Shawbrook Group following the announcements of their agreed takeovers. We reduced holdings in Indian banks following their strong performance and our exposure to selective European banks which we thought were more susceptible to higher capital requirements.

Against these disposals we added to holdings in Intesa Sanpaolo and a new holding was purchased in Banco Santander. We reinvested cash raised from selling our holdings in Discover Financial Services and Synchrony Financial by adding to a number of our US bank holdings, including purchasing a new holding in Citizens Financial, a Rhode Island headquartered bank formerly owned by Royal Bank of Scotland. We also added to our property and casualty insurance holdings by purchasing holdings in Arch Capital and Validus, adding to them further in recent months on the basis that the outlook for reinsurance rates is more positive that it has been for a number of years.

Outlook

While the sector's performance has picked up in recent months, it remains very reliant on the outlook for economic growth and therefore interest rates. This stronger performance has also been driven partly by the expectation of US tax reform being enacted and the consequent earnings benefit that US financials will derive from the legislation. The potential for secondary benefits, for example stronger loan and fee income growth are harder to quantify but expectations appear to remain low.

In the US, net interest margins of banks, the difference between what they earn on loans and pay for deposits and other funding, have risen following the recent increase in US interest rates. Similarly, European banks have highlighted the sensitivity of their earnings to any increase in Eurozone interest rates. Their performance over the last 18 months in part reflects that with expectations for interest rates having been so low. Not all European banks are beneficiaries of rising interest rates but, as with Japanese banks, any change in outlook will have a large impact given such low expectations and valuations.

Outside of selective pockets of weakness in auto lending and credit cards in the US and state/corporate lenders in India, asset quality remains very benign globally. Banks have consistently surprised by putting aside less in provisions to cover loan losses than had been expected, reflecting the relatively benign economic environment. In the short-term, the only area of concern, as highlighted earlier, is that some banks are expected to raise coverage ratios and accelerate the process of reducing bad debts.

New accounting rules (IFRS9) will force banks to take higher provisions for all loans starting in 2018, but these are not expected to be material for the large majority of banks and the capital impact will be phased in (and back-loaded) over a number of years. However, it does mean that earnings for banks will be more volatile in the future as banks are forced to provision earlier when they see evidence of a slowdown but conversely write back these same provisions more quickly as economic growth picks up.

With respect to regulation, the oversight body of the Basel Committee on Banking Supervision was meant to meet in January 2017 to announce final proposals on capital requirements for the banking sector, so-called Basel IV. However, the meeting was postponed several times on the back of US and European regulators being unable to come to an agreement. At the beginning of December agreement was finally struck following a compromise. While European banks will see an increase in capital requirements, it was marginally better than expected and within most banks' capital plans, with significant discretion for national regulators. A number of banks have held back from returning surplus capital in the last couple of years because of the lack of clarity on capital requirements, so this should result in an increase in dividends and/or buybacks from banks in 2018.

For the most part the risk of further significant regulation in the sector has decreased, albeit MiFID II (Market in Financial Instruments Directive) regulation that came into effect in January 2018 for the asset management, wealth management and investment banking sectors have caused significant disruptions. In the US, the Trump administration's appointees for heads of key regulatory bodies are seen as more market friendly and there is bi-partisan support for reducing the regulatory burden for smaller and mid-sized banks. US banks have already been able to return more capital to shareholders, in some cases with payout ratios exceeding their earnings and this is expected to continue.

There has been a sharp fall in the yields of banks' AT1 securities (bonds that can be written down or converted into equity even while a bank is still solvent to reduce the need for state support) which should be very positive for the sector as they can be seen as a proxy for cost of equity. As yet equity analysts and the wider market do not appear to factor in the price at which credit markets are willing to lend to the banking sector in their analysis despite the fundamental change in how the sector is viewed by credit markets, although some of this undoubtedly reflects the chase for yield.

There have been exceptions, with Banco Popular being the standout and one in which we did not have any exposure. Its shares and bonds were effectively written down to zero, following the announcement of its resolution and takeover by Banco Santander following months of speculation about the weakness of its balance sheet. The credit markets shrugged this off unlike in early 2016 when concerns about Deutsche Bank led to a sharp correction.

Technology will have a growing impact on the financial sector and is already impacting materially areas such as payments and remittances. The biggest expected future impact will be in the retail parts of the banking and insurance businesses. Nevertheless, there are diverse views from those who believe that many of the incumbents will be too slow to react, or their legacy IT systems will make it prohibitively expensive to do so, to those who point out, for example, that it is more common to divorce than change one's bank account. To date few balance sheet-driven 'FinTech' models have proven to be successful as they have focused on the periphery, higher risk borrowers.

In 2018, PSD2 (EU Payment Services Directive) and Open Banking, in the UK, come into effect. This forces banks to provide access to customers' accounts and allow payments to third-parties where permission has been given. In the US, similar rules have so far had little impact but the risk remains of the banking sector being disintermediated as well as the potential impact to price competition as it should be easier for people to move bank account (disrupting the old model of free current accounts being used to upsell other products).

Nevertheless, those banks or insurers unable to invest the sums needed in their IT systems are likely to lose market share unless they have a cost structure lower than peers or their competitive edge is from operating in niche or specialist markets. In the US the largest banks are investing so much more than their smaller peers that it will likely force a wave of merger and acquisition activity as regional banks try and compete with the behemoths of the industry.

FinTech should not be perceived only as a one way street against the incumbents since there will be material cost benefits ahead as digital banking becomes the predominant means of transacting and so making large and expensive branch networks more redundant. Furthermore new technology driven financial companies currently have a regulatory advantage (i.e. they are less regulated than banks) which we expect will narrow. The growth and volatility of crypto-currencies (such as Bitcoin) and fears as to regulatory control of the financial sector are only likely to increase going forward and we have already seen some countries (such as China, which is arguably one of the most evolved FinTech markets) tighten regulations for on-line platforms.

Looking forward, it can be seen that regulatory and technological changes are leading to profound changes to the sector. In the short-term the impact of technology has been limited and the main drivers remain the outlook for economic growth and interest rates. While the sector has performed well, arguably far better than many would have believed a few years ago, its recovery relative to the underlying equity market remains limited.

The sector continues to offer considerable value, especially in Europe, where the overhang from regulation and litigation following the financial crisis is fading and the debate has moved on to the timing and pace of policy normalisation. These factors combined with the ability for banks, where our largest exposure lies, to sustain an attractive level of capital return, as well as other opportunities across the sector, underpin our confidence for a continued recovery.

Nick Brind & John Yakas

7 February 2018

Note: We would draw shareholders' attention to www.polarcapitalglobalfinancialstrust.com for monthly portfolio updates and regular commentary

* Index performance figures are total return in Sterling.

Portfolio
As at 30 November 2017

					Market Value		% of total net assets	
			Sector	Geographical Exposure	2017 £'000	2016 £'000	2017 £'000	2016 £'000
1	(1)	JP Morgan Chase	Banks	North America	14,315	10,042	4.9%	4.4%
2	(4)	Bank Of America	Banks	North America	11,209	7,276	3.8%	3.2%
3	(3)	ING Groep	Banks	Europe	9,958	7,757	3.4%	3.4%
4	(2)	Wells Fargo	Banks	North America	9,351	7,835	3.2%	3.4%
5	(5)	Chubb	Insurance	Europe	8,939	7,166	3.0%	3.2%
6	(8)	Citigroup	Banks	North America	8,404	5,418	2.9%	2.4%
7	(6)	BNP Paribas	Banks	Europe	8,350	5,800	2.8%	2.6%
8	(9)	PNC Financial Services	Banks	North America	6,369	5,291	2.2%	2.3%
9	(10)	Marsh & McLennan	Insurance	North America	6,340	4,993	2.2%	2.2%
10	(33)	Mastercard	Software & Services	North America	6,050	2,903	2.1%	1.3%
Top 10 investments					89,285		30.5%	
11	(14)	Toronto-Dominion Bank	Banks	North America	5,965	4,730	2.0%	2.1%
12	(13)	Sampo	Insurance	Europe	5,945	4,730	2.0%	2.1%
13	(15)	KBC Groep	Banks	Europe	5,898	4,600	2.0%	2.0%
14	(22)	Sumitomo Mitsui Financial	Banks	Japan	5,630	3,690	1.9%	1.6%
15	(11)	First Republic Bank	Banks	North America	5,431	4,970	1.9%	2.2%
16	(42)	Keycorp	Banks	North America	5,400	2,634	1.9%	1.2%
17	(16)	US Bancorp	Banks	North America	5,092	4,368	1.7%	1.9%
18	(7)	Swedbank	Banks	Europe	5,077	5,619	1.7%	2.5%
19	(34)	Oversea-China Banking Corp	Banks	Asia (ex-Japan)	5,074	2,892	1.7%	1.3%
20	(38)	Pacific Premier Bancorp	Banks	North America	5,067	2,838	1.7%	1.2%
Top 20 investments					143,864		49.0%	
21	–	Banco Santander	Banks	Europe	4,926	–	1.7%	–
22	(23)	AXA	Insurance	Europe	4,759	3,537	1.6%	1.6%
23	(35)	Allianz	Insurance	Europe	4,517	2,888	1.5%	1.3%
24	(69)	Intesa Sanpaolo	Banks	Europe	4,488	1,390	1.5%	0.6%
25	(19)	Commonwealth Bank of Australia	Banks	Asia (ex-Japan)	4,397	4,037	1.5%	1.8%
26	(18)	Solar Capital	Diversified Financials	North America	4,151	4,129	1.4%	1.8%
27	(21)	Fortune REIT	Real Estate	Asia (ex-Japan)	4,137	3,752	1.4%	1.6%
28	(50)	UBS Group	Banks	Europe	4,085	2,349	1.4%	1.0%
29	(28)	Blackstone	Diversified Financials	North America	4,008	3,099	1.4%	1.4%
30	(36)	SVB Financial	Banks	North America	3,899	2,871	1.3%	1.3%
Top 30 investments					187,231		63.7%	
31	(27)	Direct Line Insurance	Insurance	United Kingdom	3,734	3,125	1.3%	1.4%
32	(30)	Societe Generale	Banks	Europe	3,722	3,028	1.3%	1.3%
33	(48)	Mapletree Comercial	Real Estate	Asia (ex-Japan)	3,719	2,426	1.3%	1.1%
34	(17)	Ares Capital	Diversified Financials	North America	3,673	4,234	1.3%	1.9%
35	(40)	Arrow Global Group	Diversified Financials	United Kingdom	3,663	2,689	1.3%	1.2%
36	(57)	Lloyds Banking Group	Banks	United Kingdom	3,537	1,968	1.2%	0.9%
37	(56)	Tisco Financial	Banks	Asia (ex-Japan)	3,479	2,001	1.2%	0.9%
38	(47)	HSBC Holdings	Banks	Asia (ex-Japan)	3,352	2,520	1.1%	1.1%
39	(29)	E Sun Financial	Banks	Asia (ex-Japan)	3,335	3,076	1.1%	1.3%
40	(37)	BOC Hong Kong	Banks	Asia (ex-Japan)	3,295	2,842	1.1%	1.2%
Top 40 investments					222,740		75.9%	

			Sector	Geographical Exposure	Market Value 2017 £'000	Market Value 2016 £'000	% of total net assets 2017 £'000	% of total net assets 2016 £'000
41	(41)	East West Bancorp	Banks	North America	3,229	2,683	1.1%	1.2%
42	(39)	Atom Bank (unquoted)	Banks	United Kingdom	3,191	2,774	1.1%	1.2%
43	(46)	TBC Bank	Banks	United Kingdom	3,177	2,530	1.1%	1.2%
44	(55)	Nationwide Building Society 10.25% CCDS	Fixed Income	Fixed Income	3,140	2,077	1.1%	0.9%
45	(45)	OneSavings Bank	Banks	United Kingdom	3,132	2,583	1.1%	1.1%
46	(26)	Meta Financial Group	Banks	North America	3,074	3,152	1.0%	1.4%
47	(51)	VPC Specialty Lending Investments	Fixed Income	Fixed Income	3,044	2,343	1.0%	1.0%
48	(31)	Skandiabanken	Banks	Europe	3,007	2,977	1.0%	1.3%
49	–	Citizens Financial Group	Banks	North America	2,930	–	1.0%	–
50	–	Arch Capital	Insurance	North America	2,914	–	1.0%	–
Top 50 investments					253,578		86.4%	
51	(25)	Frasers Centrepoint Trust	Real Estate	Asia (ex-Japan)	2,808	3,364	1.0%	1.5%
52	(43)	HDFC Bank	Banks	Asia (ex-Japan)	2,782	2,622	0.9%	1.2%
53	(75)	Indiabulls Housing Finance	Banks	Asia (ex-Japan)	2,758	886	0.9%	0.4%
54	–	Validus	Insurance	North America	2,757	–	0.9%	–
55	(59)	City of London Investment Group	Diversified Financials	United Kingdom	2,645	1,948	0.9%	0.8%
56	–	Charter Court Financial Services	Diversified Financials	United Kingdom	2,522	–	0.9%	–
57	(63)	International Personal Finance 5.75% Bond	Fixed Income	Fixed Income	2,495	1,725	0.9%	0.8%
58	(58)	P2P Global Investments	Fixed Income	Fixed Income	2,310	1,964	0.8%	0.9%
59	(68)	Sparebank SMN	Banks	Europe	2,270	1,555	0.8%	0.7%
60	(70)	Aldermore Group Plc 8.5% Bond	Fixed Income	Fixed Income	2,213	1,355	0.8%	0.6%
Top 60 investments					279,138		95.2%	
61	(52)	Pennant Park Floating Rate Capital	Diversified Financials	North America	2,167	2,215	0.7%	1.0%
62	(53)	Main Street Capital	Diversified Financials	North America	1,921	2,184	0.7%	1.0%
63	(64)	Phoenix Life 7.25% Bond	Fixed Income	Fixed Income	1,887	1,716	0.6%	0.7%
64	(66)	Cielo	Diversified Financials	Latin America	1,853	1,619	0.6%	0.7%
65	(54)	Lloyds Bank 13% Bond	Fixed Income	Fixed Income	1,684	2,087	0.6%	0.9%
66	–	Intrum Justitia	Diversified Financials	Europe	1,479	–	0.5%	–
67	(49)	Yes Bank	Banks	Asia (ex-Japan)	1,472	–	0.5%	–
68	–	DNB	Banks	Europe	1,423	–	0.5%	–
69	(67)	Barclays Bank 14% Bond	Fixed Income	Fixed Income	1,260	1,612	0.4%	0.7%
70	(74)	Pension Insurance 6.5% Bond	Fixed Income	Fixed Income	1,128	936	0.4%	0.4%
Top 70 investments					295,412		100.7%	
71	–	Alpha Bank	Banks	Eastern Europe	1,089	–	0.4%	–
72	(71)	International Personal Finance 6.125% Bond	Fixed Income	Fixed Income	886	1,300	0.3%	0.6%
73	–	Rothesay Life 8% Bond	Fixed Income	Fixed Income	599	–	0.2%	–
74	(76)	Old Mutual 8% Bond	Fixed Income	Fixed Income	389	837	0.1%	0.4%
Total investments					298,375		101.7%	
Other net liabilities					(5,083)		(1.7%)	
Total net assets					293,292		100.0%	

Note: Figures in brackets denote comparative rankings as at 30 November 2016.

Portfolio continued
As at 30 November 2017

Geographical Exposure*	30 November 2017	30 November 2016
North America	42.3%	42.6%
Europe	26.7%	25.9%
Asia (ex-Japan)	13.7%	15.6%
United Kingdom	8.9%	11.7%
Fixed Income	7.2%	8.6%
Japan	1.9%	1.6%
Latin America	0.6%	0.7%
Eastern Europe	0.4%	–
Other net liabilities	(1.7%)	(6.7%)
Total	100.0%	100.0%

Sector Exposure*	30 November 2017	30 November 2016
Banks	65.5%	65.5%
Insurance	13.5%	13.1%
Diversified Financials	9.7%	13.6%
Fixed Income	7.2%	8.6%
Real Estate	3.7%	4.6%
Software & Services	2.1%	1.3%
Other net liabilities	(1.7%)	(6.7%)
Total	100.0%	100.0%

Market Cap*	30 November 2017	30 November 2016
Large (>US$5bn)	78.6%	74.1%
Medium (US$0.5bn – US$5bn)	19.3%	22.0%
Small (<US$0.5bn)	2.1%	3.9%
Total	100.0%	100.0%

* Based on the net assets as at 30 November 2017 of £293.3m (2016: £227.3m).

Strategic Report

The Strategic Report Section of this Annual Report comprises the Chairman's Statement, the Investment Manager's Report, including information on the portfolio and this Strategic Report. It has been prepared solely to provide information to shareholders on the Company's strategies and potential for those strategies to succeed, including a fair review of the strategy and performance of the Company during the year ended 30 November 2017, including a description of the principal risks and uncertainties. The Strategic Report contains certain forward looking statements. These statements are made by the Directors in good faith, based on the information available to them at the time of their approval of this report and such statements should be treated with caution, due to inherent uncertainties, including both economic and business risk factors underlying any such forward looking statements.

Business Model and Regulatory Arrangements

The Company's business model follows that of an externally managed investment trust, and its investment objective is set out below. Its shares are listed on the London Stock Exchange.

The Company is designated an Alternative Investment Fund ('AIF') under the Alternative Investment Fund Managers Directive ('AIFMD') and as required by the Directive, has contracted Polar Capital LLP to act as the Alternative Investment Fund Manager ('AIFM') and HSBC Bank plc to act as the Depositary.

Both the AIFM and the Depositary have responsibilities to ensure that the assets of the Company are managed in accordance with the investment policy and are held in safe custody. The Board remains responsible for setting the investment strategy and operational guidelines as well as meeting the requirements of the applicable UK and European legislation, including the Listing Rules of the Financial Conduct Authority, and the Companies Act.

Statements from the AIFM and the Depositary can be found on pages 81 to 84.

The Company seeks to manage its portfolio in such a way as to meet the tests set down in Sections 1158 and 1159 of the Companies Tax Act 2010 (as amended by section 49(2) of the Finance Act 2011) and continue to qualify as an investment trust. This qualification permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax. Further information is provided in the Directors' Report.

The Company has no employees or premises and the Board is comprised of Non-executive Directors. The day to day operations and functions have all been delegated to third parties.

Future Developments

The Articles of Association require the Directors to put forward, at the Annual General Meeting of the Company in 2020, a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The Board remains positive on the longer-term outlook for the global financials sector and the Company will continue to pursue its investment objective in accordance with the stated investment policy and strategy. Future performance is dependent, to a significant degree, on the world's financial markets and their reactions to economic events and other geo-political forces as well as the regulatory environment. The Chairman's Statement and the Investment Manager's Report comment on the business and the outlook and threats.

The Board

As the day to day management of the Company is outsourced to service providers, the Board focuses at each meeting on performance, including the outlook, strategy and management of the service providers and the risks inherent in the various matters reviewed.

Strategic Report continued

Service Providers

Polar Capital LLP has been appointed to act as Investment Manager and AIFM as well as to provide or procure company secretarial and administrative services, including accounting, portfolio valuation and trade settlement, which it has arranged to deliver through HSBC Securities Services.

The Company also contracts directly with a number of third parties for the provision of specialist services:

- HSBC Bank plc as Depositary;
- Panmure Gordon & Co as corporate broker;
- Equiniti Limited as share registrars;
- PricewaterhouseCoopers LLP as independent auditors;
- Emperor as designers and printers for shareholder communications; and
- Huguenot Limited as website designers and internet hosting services.

Investment Objective and Policy

Objective

The Company's investment objective is to generate a growing dividend income together with capital appreciation by investing in a global portfolio of financials stocks.

Policy

The Company seeks 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 banking, insurance, property and other sub-sectors.

The portfolio is diversified by geography, industry sub-sector and stock market capitalisation.

The Company may have a small exposure to unlisted and unquoted companies, but in aggregate, this is not expected to exceed 10% of total assets at the time of investment.

The Company will not invest more than 10% of total assets, at the time of investment, in other listed closed-ended investment companies and no single investment will normally account for more than 10% of the portfolio at the time of investment.

The Company may employ levels of borrowing from time to time with the aim of enhancing returns, subject to an overall maximum of 15% of net assets at the time the relevant borrowing is taken out. Actual levels of borrowing may change from time to time based on the Investment Manager's assessment of risk and reward.

The Company may invest through equities, index-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other instruments including derivatives. Forward transactions, derivatives (including put and call options on individual positions or indices) and participation notes may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. Any use of derivatives for investment purposes is made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments. The Company may hedge exposure to foreign currencies if considered appropriate for efficient portfolio management.

Benchmark

The Company compares the Investment Manager's performance against the MSCI World Financials + RE Index, total return, in Sterling with dividends reinvested ('the Benchmark'). This is used to measure the performance of the Company, which does not seek to replicate the index in constructing its portfolio. The portfolio may, therefore, diverge substantially from the constituents of this Index. Although the Company has a Benchmark, this is neither a target nor a determinant of investment strategy. The purpose of the Benchmark is to set out a reasonable measure of performance for shareholders and an appropriate base which, together with an additional hurdle, forms the level above which the Investment Manager earns a share of the outperformance it has delivered.

Performance and Key Performance Objectives

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators (KPIs). The objectives comprise both specific financial and shareholder related measures.

KPI	Control process	Outcome
The provision of investment returns to shareholders measured by long-term NAV total return relative to the Benchmark Index and a comparator group.	The Board reviews at each meeting the performance of the portfolio and considers the views of the Investment Manager. The Board also receives monthly reports on performance.	The Company's NAV total return, over the year ended 30 November 2017, was 16.37% while the Benchmark Index over the same period increased by 14.20%.
The achievement of a progressive dividend policy.	Financial forecasts are reviewed to track income and distributions at each meeting.	A total of two interim dividends amounting to 3.90p per ordinary share have been paid or are payable in respect of the financial year ended 30 November 2017.
Monitoring and reacting to issues created by the discount or premium of the ordinary share price to the NAV per ordinary share with the aim of reducing volatility for shareholders.	The Board receives regular information on the composition of the share register including trading patterns and discount/ premium levels of the Company's ordinary shares. The Board discusses and authorises the issue or buy back of shares when appropriate. A daily NAV per share, diluted when appropriate, calculated in accordance with the AIC guidelines is issued to the London Stock Exchange.	The discount of the ordinary share price to the diluted NAV per ordinary share over the year ended 30 November 2017 traded at a maximum discount of 9.87%, reached on 28 June 2017 and a minimum discount of 0.98%, reached on 17 January 2017. In the year ended 30 November 2017, the Company did not buy back any ordinary shares. As detailed in the Chairman's Statement, 30,600,000 new ordinary shares were issued as a result of the conversion and cancellation of the subscription shares on the single exercise date of 31 July 2017.
Meeting the requirements of Sections 1158 and 1159 of the Corporation Tax Act 2010.	The Board receives regular financial information which discloses the current and projected financial position of the Company against each of the tests set out in Sections 1158 and 1159.	Investment trust status has been granted to the Company subject to the Company continuing to satisfy the conditions of Sections 1158 and 1159 of the Corporation Tax Act 2010. The Directors believe that the conditions have been met in respect of the year ended 30 November 2017 and they believe that the Company will continue to meet the requirements.
Monitoring and managing ongoing charges.	The Board receives regular financial information which discloses expenses against budget.	Ongoing charges for the year ended 30 November 2017 were 0.99% (year ended 30 November 2016: 1.02%).

Strategic Report continued

Principal Risks and Uncertainties

The Board is responsible for the management of risks faced by the Company in delivering long-term returns to shareholders. The identification, monitoring and appraisal of the risks, any mitigating factors and control systems is crucial.

The Board maintains a Risk Map which seeks to identify and allocate risks to four main risk categories: Business, Portfolio Management, Infrastructure and External. The Risk Map details each identified risk and any factors, both internal and external, which could provide mitigation, as well as outlining the reporting structure which monitors and mitigates, as far as practicable, such risks. During the year, the Board continued to consider the market uncertainty specifically arising from the result of the UK referendum to leave the European Union.

Principal Business Risks and Uncertainties	Management of risks through Mitigation & Controls
Business	
Failure to achieve investment objective, investment performance below agreed benchmark objective or market/industry average.	The Board seeks to mitigate the impact of such risks through regular reporting and monitoring of investment performance against a comparator group of open-ended funds, the Benchmark and other agreed indicators of relative performance. In months when the Board is not scheduled to meet, it receives a monthly report containing financial information on the Company including gearing and cash balances. Performance and strategy are reviewed throughout the year at regular Board meetings where the Board can challenge the Investment Manager. The Board also receives a monthly commentary from the Investment Manager in the form of factsheets for all the specialist financial sector funds managed by Polar Capital. The Board is committed to a clear communication programme to ensure shareholders understand the investment strategy. This is maintained through the use of monthly factsheets which have a market commentary from the Investment Manager as well as portfolio data, an informative and relevant website as well as annual and half year reports. The Management Engagement Committee considers the suitability of the Investment Manager on the basis of performance and other services provided.
Loss of portfolio manager or other key staff.	Key personnel are incentivised by equity participation in the investment management company.
Persistent excessive share price discount to NAV.	In consultation with its advisors, including the corporate stock broker, the Board regularly considers the level of premium and discount of the share price to the NAV and the Board reviews ways to enhance shareholder value including share issuance and buy backs. Having a fixed life with a wind-up date in 2020 should help to limit discount volatility.

Principal Business Risks and Uncertainties	Management of risks through Mitigation & Controls
Portfolio Management	
While the portfolio is diversified across a number of stock markets worldwide, the investment mandate is focused on financials and thus the portfolio is more sensitive to investor sentiment and the commercial acceptance of the sector than a general investment portfolio. The Company's portfolio is exposed to risks such as market price, credit, liquidity, foreign currency and interest rates. The portfolio is actively managed. The Investment Managers' style focuses primarily on the investment opportunity of individual stocks and, accordingly, may not follow the makeup of the Benchmark. This may result in returns which are not in line with the Benchmark. The degree of risk which the Investment Manager incurs in order to generate the investment returns and the effect of gearing on the portfolio by borrowed funds can magnify the portfolio returns per share positively or negatively.	The Board has set appropriate investment guidelines and monitors the position of the portfolio against such guidelines which includes guidelines on exposures to certain investment markets and sectors. The Board discusses with the Investment Manager at each Board meeting its views on the sector. At each Board meeting the composition and diversification of the portfolio by geographies, sectors and capitalisations are considered along with sales and purchases of investments. Individual investments are discussed with the Investment Manager as well as the Investment Manager's general views on the various investment markets and the financials sector in particular. Analytical performance data and attribution analysis is presented by the Investment Manager. The policies for managing the risks posed by exposure to market prices, interest rates, foreign currency exchange rates, credit and liquidity are set out in Note 26 to the financial statements. Investors have sight of the entire portfolio and geographic exposure to investments.
Gearing, either through bank debt or the use of derivatives may be utilised from time to time. Whilst the use of gearing is intended to enhance the NAV total return, it will have the opposite effect when the return on the Company's investment portfolio is negative.	The arrangement of bank facilities and drawing of funds under such arrangements are controlled by the Board. Derivatives are considered as being a form of gearing and their use has been agreed by the Board. The deployment of borrowed funds (if any) is based on the Investment Manager's assessment of risk and reward.
The ability to continue the dividend policy is compromised due to lower income or as a result of the currency exposure underlying the portfolio. This could result in a lower level of dividend being paid than intended or previously paid.	The Board monitors income and currency exposure through monthly management accounts and discussion. The Investment Manager has the ability to hedge if thought appropriate.

Strategic Report continued

Principal Risks and Uncertainties continued

Principal Business Risks and Uncertainties	Management of risks through Mitigation & Controls
Infrastructure	
There are risks from the failure of, or disruption to, operational and accounting systems and processes provided by the Investment Manager including any subcontractors to which the Investment Manager has delegated a task as well as directly appointed suppliers. The mis-valuation of investments or the loss of assets from the custodian or sub custodians could affect the NAV per share or lead to a loss of shareholder value. There is taxation risk that the Company may fail to continue as an investment trust and suffer capital gains tax or fail to recover as fully as possible withholding taxes on overseas investments. The legal and regulatory risks include failure to comply with the FCA's Prospectus Rules, Listing Rules and Transparency and Disclosure Rules; not meeting the provisions of the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies and not complying with accounting standards. Further risks arise from not keeping abreast of changes in legislation and regulations which have in recent years been substantial.	At each Board meeting there is an administration report which provides details on general corporate matters including legislative and regulatory developments and changes. There is an annual review of suppliers and their internal control reports which includes the disaster recovery procedures of the Investment Manager. Regular reporting from the Depositary on the safe custody of the Company's assets and the operation of control systems related to the portfolio reconciliation are monitored. Specialist advice is sought on taxation issues as and when required. The Audit Committee has oversight of such work. Information and guidance on legal and regulatory risks is managed by using the Investment Manager or professional advisers where necessary and the submission of reports to the Board for discussion and, if required, any remedial action or changes considered necessary. The Board monitors new developments and changes in the regulatory environment and seeks to ensure that their impact on the Company is understood and complied with although the Board has no control over such legislative changes and such changes may be intended to affect the Company, or it may suffer unintended consequences from changes designed to affect others.
External	
There is significant exposure to the economic cycles of the markets in which the underlying investments conduct their business operations as well as the economic impact on investment markets where such investments are listed. The fluctuations of exchange rates can also have a material impact on shareholder returns.	The Board regularly discusses general economic conditions and developments. The impact on the portfolio from Brexit continues to be considered. Whilst it is difficult to quantify the impact of such a change, it is not believed to fundamentally impact the business of the Company or to make the financials sector any less attractive as an investment. Note 26 describes the impact of changes in foreign exchange rates. The Investment Manager has the ability to hedge foreign currency if it is thought appropriate at the time.

Investment Management Company and Management of the Portfolio

As the Company is an investment vehicle for shareholders, the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy is attractive to shareholders. The Directors believe that a strong working relationship with the Investment Manager will achieve the optimum return for shareholders and the Board and the Investment Manager operate in a supportive, co-operative and open environment.

The Company has an Investment Management Agreement with Polar Capital LLP (the Investment Manager), which is authorised and regulated by the Financial Conduct Authority, to act as Investment Manager and AIFM of the Company with sole responsibility for the discretionary management of the Company's assets (including uninvested cash) and sole responsibility to take decisions as to the purchase and sale of individual investments. The Investment Manager also has responsibility for asset allocation within the limits of the investment policy and guidelines established and regularly reviewed by the Board, all subject to the overall control and supervision of the Board.

The Investment Manager has other investment resources which support the investment team and has experience in administering and managing other investment trust companies. The Investment Manager also procures or provides accountancy services, company secretarial and day to day administrative services, including the monitoring of third party suppliers, which are directly appointed by the Company. The Investment Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC Securities Services and to Polar Capital Secretarial Services Limited. The fees of HSBC Securities Services are for the account of the Company.

Information is provided to the Directors on a timely basis, covering all aspects of relevant management, regulatory and financial information. The Board receives a report from the Investment Manager at each Board meeting and may ask representatives of the Investment Manager to attend Board meetings enabling Directors to probe further on matters of concern or seek clarification as appropriate.

While the Board reviews the performance of the Investment Manager at each Board meeting, and the Company's performance against Benchmark and a peer group of funds with similar objectives, the Management Engagement Committee formally carries out an annual review of the Investment Manager's and other suppliers' performance during the year.

Strategy

The Investment Manager's investment process is a six stage process primarily driven by a bottom-up fundamental analysis of individual companies, albeit with macroeconomic inputs. The Investment Manager regularly uses both quantitative and qualitative screens to rank companies on a risk-adjusted basis, since the fundamental view is that long-term returns in most financial stocks are driven by their success in writing risk, rather than short-term growth trends. The approach involves undertaking a detailed income statement and balance sheet analysis and values a company based on the Capital Asset Pricing Model that compares a company's return on equity versus its cost of capital (the latter taking account of both stock and country risk) to provide a fair price/book valuation. This valuation (coupled with other more standard valuation systems) is then ranked across the global universe and added to scores focused on other variables such as profitability, risk and growth metrics to provide a model portfolio and so a focus for additional stock-specific research. The Investment Manager undertakes regular trips to the US, Europe and Asia to meet companies as well as those they meet in London, leveraging off the combined experience of the Investment Manager's team of eight fund managers and analysts who focus on the global financials sector.

The Company's investment portfolio is both geographically and sectorally diversified with its largest concentration being to the banking sector, and the balance being in insurance, life assurance, real estate investment trusts, asset management and other sub-sectors, subject to the Investment Manager's assessment of where the best opportunities lie. There are no limits on the exposure of the investment portfolio to either smaller or mid-cap companies but the majority of the portfolio is invested in companies with a market capitalisation of above US$5bn. The Investment Manager has discretion to invest up to 10% of the portfolio in debt securities. The vast majority of the investment portfolio is invested in companies that not only offer capital appreciation but pay a level of dividends, which are expected to rise over time, so as to meet the necessary income required to facilitate the payment of a rising level of dividends to shareholders.

Strategic Report continued

Investment Management Company and Management of the Portfolio continued

Investment Team

The portfolio is managed jointly by Mr Nick Brind and Mr John Yakas, supported by six other financials specialists within the team.

Termination Arrangements

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice. The Investment Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) if the Investment Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Investment Manager commits a material breach of the Investment Management Agreement.

In the event the Investment Management Agreement is terminated before the expiry of the Company's fixed life then, except in the event of termination by the Company for certain specified causes, the management fee and the performance fee will be calculated pro rata for the period up to and including the date of termination.

Fee Arrangements

Management Fee

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable monthly in arrears at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value on the relevant day.

In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 80% of the management fee payable is charged to capital and the remaining 20% to income.

Performance Fee

The Investment Manager may be entitled to a performance fee. Any performance fee will be paid at the end of the Company's expected life (except in the case of an earlier termination of the Investment Management Agreement) and will be an amount equal to 10% of the excess return (based on the Adjusted net asset value per ordinary share at that time) over the performance fee hurdle.

The performance fee hurdle is 100 pence, increased or decreased by reference to the return on the Benchmark Index plus 1.25 pence per annum (reduced pro rata for periods of less than one full year) over the period from the day following Admission to the date on which it is resolved to wind up the affairs of the Company.

For the purposes of calculating the performance fee, the Company's Adjusted net asset value will be based on the net asset value adjusted as follows:

(a) the amount of any dividends paid by the Company shall be deemed to have been reinvested on the date of payment in ordinary shares at their net asset value (on such date) and the resulting amount added to the Company's net asset value;

(b) any dilutive effect caused by the exercise by shareholders of subscription rights in relation to subscription shares shall be deemed to have been added back to the Company's net asset value at the time of issue of the ordinary shares resulting from such exercise, so as to negate the effect of the dilution;

(c) any enhancement to the Terminal NAV arising from any issue of ordinary shares at a premium to the net asset value per ordinary share prevailing at the time of such issue since Admission shall be deducted; and

(d) any enhancement to the Terminal NAV arising from the repurchase of ordinary shares pursuant to a tender offer at a discount to net asset value per ordinary share prevailing at the time of such repurchase since Admission shall be deducted.

If, at the end of the Company's expected life, the amount available for distribution to shareholders is less than 100 pence per ordinary share, no performance fee will be payable. If the amount is more than 100 pence per ordinary share but payment of the performance fee in full would reduce it below that level, then the performance fee will be reduced (but to not less than nil) such that shareholders receive exactly 100 pence per share.

No performance fee has been accrued as at 30 November 2017.

Corporate Responsibility

Socially responsible investing and exercise of voting powers

The Board has instructed the Investment Manager to take into account the published corporate governance of the companies in which it invests.

The Company has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The Voting Policy is for the Investment Manager to vote at all general meetings of companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. However, in exceptional cases, where it believes that a resolution could be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged.

During the year under review, the Investment Manager voted at 69 company meetings, in each case following the recommendations of the management of that company on the casting of votes.

The Investment Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Investment Manager's Stewardship Code and Voting Policy can be found on the Investment Manager's website in the Document Library (www.polarcapital.co.uk).

Environment

The Company's core activities are undertaken by its Investment Manager which seeks to limit the use of non-renewable resources and reduce waste where possible.

Greenhouse Gas Emissions

The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas (GHG) emissions for which they are responsible. The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, it has no GHG emissions to report from its operations nor does it have responsibility for any other emissions.

Diversity, Gender Reporting and Human Rights Policy

The Company has no employees and the Board comprises one male and two female Non-executive Directors.

Given the relatively short life expectancy of the Company, it is possible that no new appointments will be made to the Board but, in the event that any new appointments are made, the Board will continue to have regard to the benefits of diversity, including gender, when seeking to make any such appointment(s).

The Company has not adopted formal policies on human rights or diversity as it has no employees or operational control of its assets.

Modern Slavery Act

As an investment company, the Company does not provide goods or services in the normal course of business and does not have any customers. Accordingly, it is considered that the Company is not required to make any slavery or human trafficking statements under the Modern Slavery Act 2015.

Approved by the Board on 7 February 2018.

By order of the Board

Tracey Lago ACIS
Polar Capital Secretarial Services Limited
Company Secretary

Board of Directors

Robert Kyprianou

Chairman

aged 64

Appointed to the Board and as Chairman on 7 June 2013.

Robert is currently chairman of Eurobank Cyprus Ltd and a director of Pimco Europe and NIPD Limited. Robert was formerly the CEO of Axa Framlington until his retirement in September 2009. Previous appointments include non-executive director of Gartmore Group Limited and Aviva Investors, Global Head of Fixed Income, and later Deputy CEO and Global Head of Securities at AXA Investment Managers SA; Business Head and Global Head of Fixed Income at ABN AMRO Asset Management Ltd, Head of Portfolio Management at Salomon Brothers Asset Management Ltd.

Robert is a member of both the Management Engagement and Audit Committees.

Joanne Elliott ACA

Director

aged 55

Appointed to the Board and as Chairman of the Audit Committee on 7 June 2013.

Joanne is currently CFO of the property team at Thames River Capital and has been the finance manager for TR Property Investment Trust plc since 1995. Joanne previously held the position of Director of Property, Finance and Operations Europe at Henderson Global Investors. Prior to that she was Corporate Finance Manager with London and Edinburgh Trust plc and was an investment/treasury analyst with Heron Corporation plc.

Joanne is Chairman of the Audit Committee and a member of the Management Engagement Committee.

Katrina Hart

Director

aged 43

Appointed to the Board and as Chairman of the Management Engagement Committee on 7 June 2013.

Katrina is currently a non-executive director of AEW UK REIT plc, Keystone Investment Trust plc and AIM quoted Miton Group plc. Previously, she spent 14 years in the City advising, analysing and commentating on a broad range of businesses operating in the fund and asset management sectors. She was a highly rated financials analyst at HSBC, Bridgewell Group Plc and Canaccord Genuity.

Katrina is Chairman of the Management Engagement Committee and a member of the Audit Committee.

Investment Management Team

Nick Brind
Co-Fund Manager

Nick joined Polar Capital following the acquisition of HIM Capital in September 2010 and is also the manager of the Polar Capital Income Opportunities Fund.

He has 23 years' investment experience across a wide range of asset classes. Prior to joining HIM Capital, Nick worked at New Star Asset Management. While there, he managed the New Star Financial Opportunities Fund, a high-income financials fund investing in the equity and fixed-income securities of European financial companies. Previously he worked at Exeter Asset Management and Capel-Cure Myers. Nick has a Masters in Finance from London Business School.

John Yakas
Co-Fund Manager

John joined Polar Capital following the acquisition of HIM Capital in September 2010 and is also the manager of the Polar Capital Asian Financials Fund and Polar Capital Financial Opportunities Fund.

John has over 25 years' experience in the financial services industry having worked for HSBC as a commercial banker in Hong Kong and Fitch IBCA in London covering European Financials. He was head of Asian research at Fox-Pitt, Kelton establishing their office in Hong Kong. In 2003 he joined Hiscox Investment Management which later became HIM Capital. He has an MBA from London Business School and studied at the London School of Economics (BSc Econ).

Report of the Directors

The Directors, who are listed on page 22, have all served throughout the year and up to the date of this report. They present their Report including the Report on Corporate Governance, together with the Audited Financial Statements for the Company prepared under International Financial Reporting Standards as adopted by the European Union (IFRSs) for the year ended 30 November 2017.

Introduction and Status

The Strategic Report Section contains information on the Regulatory Arrangements, Future Development, Service Providers, Investment Policy, Objective and Strategy, Benchmark and Key Performance Objectives, Principal Risks and Uncertainties, Management Company, and Corporate Responsibilities of the Company.

The Company is incorporated in England and Wales as a public limited company and is domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the Premium section of the London Stock Exchange.

The close company provisions do not apply.

The business of the Company is to generate for shareholders a growing dividend income and capital appreciation through access to a discretionary managed diversified global portfolio consisting primarily of listed or quoted equities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors. The portfolio is diversified by geographic location, sub-sector and size of investee companies.

The portfolio is managed within a framework of investment limits, restrictions and guidelines determined by the Board which strives to meet the investment objective while seeking to spread and mitigate risk.

The Company has no employees or premises and the Board is comprised of Non-executive Directors. The day to day operations and functions of the Company have been delegated to third parties.

The Company is registered under the United States' FATCA legislation and its Global Intermediary Identification Number (GIIN) is 8KP5BT.99999.SL.826. The Company's Legal Entity Identifier (LEI) code is 549300G5SWN8EP2P4U41.

The Company seeks to operate as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010. Confirmation has been received from HM Revenue and Customs that, on the basis of the information provided, the Company has been accepted as an approved investment trust for accounting periods commencing on or after 1 July 2013, subject to the Company continuing to meet the eligibility conditions of and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

The Directors are of the opinion that the Company has conducted its affairs in respect of the year ended 30 November 2017, and will continue to conduct its affairs so as to maintain its status as an investment trust.

Life of the Company

The Articles of Association require the Directors to put forward, at the seventh Annual General Meeting, a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in April 2020, but no later than 31 May 2020.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on 25 April 2018 at the offices of Polar Capital, 16 Palace Street, London SW1E 5JD. The separate Notice of Annual General Meeting accompanies this Annual Report and contains the full text of the resolutions and an explanation of each of them. Resolutions are being proposed to receive the Report of the Directors and Annual Financial Report, approve the Directors' Remuneration Implementation Report, re-appoint the auditors and authorise the Directors to set their fees. The Directors are also seeking to renew their powers to allot ordinary shares for cash and to buy back ordinary shares.

Dividends

The Company aims to increase the dividend (on an annual basis) progressively, but there is no guarantee that this will be achieved. Shareholders should recognise that circumstances may arise when it is necessary to reduce the level of dividend payment or equally there may be instances when the level of dividend must be increased in order to comply with Sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's aim a 'special dividend' will be declared and paid.

The Company aims to pay two interim dividends each year, in February and August. These interim dividends will not necessarily be of equal amounts. The Directors do not recommend and the Company does not pay a final dividend. Details of the dividends paid and declared are set out on page 1 and 65.

Listing Rule 9.8.4

Listing rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The only disclosure to be made is with regard to the amount of interest capitalised and can be found in Note 9 on page 63.

Share Capital History, Structure and Voting Interests

Issued share capital

During the year under review, the Company's share capital was divided into ordinary shares of 5p each and subscription shares of 1p each.

The Company was incorporated on 17 May 2013. On 1 July 2013, it issued 153,000,000 ordinary shares plus one subscription share for every five ordinary shares which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price of each ordinary share was 100p and the net asset value (NAV) per share on 1 July 2013 was 98p, after launch costs.

On 31 July 2017, the subscription shareholders had the opportunity to exercise their rights to subscribe for one ordinary share per subscription share at a price of 115p per ordinary share following which all subscription rights lapsed and the subscription shares were cancelled. As a result of the subscription exercise the Company issued 30,600,000 new ordinary shares. The Company did not buy back any subscription shares prior to the conversion and no ordinary shares were bought back during the year.

At 30 November 2017, there were 202,775,000 ordinary shares in issue. Since the year end, there have been no changes to the issued ordinary share capital of the Company.

Voting Rights

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, or on a poll, where each share has one vote. Details for the lodging of proxy votes are given when a notice of meeting is issued.

Report of the Directors continued

Share Capital History, Structure and Voting Interests continued

Transferability

Any shares in the Company may be held in uncertificated form and, subject to the Articles of Association ('Articles'), title to uncertificated shares may be transferred by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; and (iii) if joint transferees, is in favour of not more than four such transferees.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Powers to issue shares and make market purchases of ordinary shares

At the AGM in 2017, the Board was granted by shareholders the power to allot equity securities up to a nominal value of £860,875, being 10% of the Company's issued ordinary share capital at that date, and to issue those shares for cash without first offering those shares to shareholders in accordance with their statutory pre-emption rights. These powers will expire at the 2018 AGM. The powers granted at the 2017 AGM have not been used but renewal of these authorities will be sought at the AGM in 2018. New ordinary shares will not be allotted and issued at below the net asset value per share after taking into account the costs of issue.

The Board also obtained shareholder authorities at the AGM in 2017 to make market purchases of up to 25,809,032 ordinary shares of the Company (14.99% of the then issued share capital) in accordance with the terms and conditions set out in the shareholder resolution. This authority expires at the AGM in 2018 and its renewal will be sought.

Details of the resolutions and the Directors' policies for the issue and purchase of shares are set out in the separate Notice of Meeting.

Capital Structure and Voting Interests

Major interests in ordinary shares

The Company has received notifications from the following shareholders in respect of their interests in the voting rights of the Company at 30 November 2017.

Ordinary Shares

Shareholder	Type of Holding	Number of Shares	% of voting rights*
Investec Wealth & Investment Ltd	Direct	40,666,536	20.06
Rathbone Brothers plc	Indirect	14,405,587	7.10
Canaccord Genuity	Indirect	11,757,081	5.80
Old Mutual plc	Indirect	10,826,756	5.34
Brewin Dolphin Ltd	Indirect	10,011,088	4.94
1607 Capital Partners LLC	Indirect	8,373,456	4.13
JM Finn & Company Ltd	Direct	7,482,137	3.69

* Based on issued ordinary share capital as at 30 November 2017, not necessarily in agreement with shareholder's TR1 notification.

Since the year end and up to the date of this report, the Company has been notified of the following changes:

Shareholder	Type of Holding	Number of Shares	% of voting rights*
Investec Wealth & Investment Ltd	Direct	42,673,606	21.04
Old Mutual plc	Indirect	10,126,736	4.99

* Based on issued ordinary share capital as at 30 November 2017, not necessarily in agreement with shareholder's TR1 notification.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Company's independent auditors. A resolution to appoint PricewaterhouseCoopers LLP as independent auditors to the Company will be proposed at the forthcoming AGM.

The fee in respect of the audit of the 2017 annual financial statements has been agreed at £25,515.

Report on Corporate Governance

The Directors are accountable to shareholders for the governance of the Company's affairs. The UK Listing Rules require all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the 'UK Code') which was effective during the financial year, issued by the Financial Reporting Council. The UK Code can be viewed at www.frc.org.uk.

The Association of Investment Companies ('AIC') publishes a Code of Corporate Governance ('AIC Code') and a Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC revised the AIC Code and Guide to reflect changes made to the UK Code in April 2016. In line with the UK Code, the revised AIC Code and Guide apply to accounting periods beginning on or after 17 June 2016, so accordingly the Company has adopted the new AIC Code.

The AIC Code and the AIC Guide address the principles set out in the UK Code as well as additional principles and recommendations on issues that are specific to investment trusts. The AIC Code can be viewed at www.theaic.co.uk.

The Financial Reporting Council has confirmed that by following the AIC Code and the AIC Guide, boards of investment companies will meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

As an investment company the day to day responsibilities are delegated to third parties as the Company has no employees and all the Directors are Non-executive. Many of the provisions of the UK Code are not directly applicable to the Company and the Board has determined that reporting against the AIC Code, which incorporates the UK Code, provides the most appropriate information to shareholders.

Statement of Compliance

The AIC Code comprises 21 principles. The Board considers that for the year under review the Directors, Board and Company have complied with the recommendations of the AIC Code in so far as they apply to the Company's business. For the reasons set out in the AIC Guide the Board considers the following provisions are not relevant to the position of the Company, being an externally managed investment company:

- As all Directors are Non-executive and day to day management has been contracted to third parties, the Company does not have a Chief Executive. The Chairman of the Board is Non-executive.
- As there are no executive directors, the Company has no need to comply with the UK Code in respect of executive directors' remuneration.

Report of the Directors continued

Statement of Compliance continued

- The Company does not have an internal audit function as it relies on the systems of control operated by third party suppliers, in particular those of the Investment Manager. The Board monitors these systems of internal control to provide assurance that they operate as intended insofar as they relate to the affairs of the Company; and
- Due to the structure of the Board, it is considered unnecessary to identify a senior independent Non-executive Director. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

The corporate governance report describes how the principles of the AIC Code have been applied.

Application of the AIC Code's Principles

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board believes that the Company's current practices are consistent in all material respects with the principles of the AIC Code and where non-compliance occurs, an explanation has been provided. The Board will continue to observe the principles and recommendations set out in the AIC Code in future.

It should be noted that, as an investment company where the Directors are Non-executive, the Company's day to day duties are delegated to third parties. The Company has agreed policies and operating procedures with the suppliers of these services.

Directors and Board; Independence and Composition

The Board is responsible to shareholders for the overall management of the Company's affairs and currently consists of three Non-executive Directors. Each Director has different qualities and areas of expertise on which they may lead where issues arise.

The Directors' biographies, set out on page 22, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors of the Company. The Directors' Remuneration Report is set out on pages 35 to 38.

The Board has considered the contribution and performance of each Director as part of the performance evaluation process. It has determined that each Director has relevant experience, effectively contributes to the operation of the Board and demonstrates independent views on a range of subjects. All the Directors are considered independent of the Investment Manager and have no relationship or conflicts which are likely to affect their judgement.

Succession

The Board believes that retaining Directors with sufficient experience of the Company, industry and the markets is of benefit to shareholders. While the Board recognises the value of progressive refreshing of and succession planning for Company boards, given the expected seven year life of the Company, the Board believes that there is no need for a policy on the length of service for Directors.

Election of Directors

The Articles of Association govern the appointment, re-election and removal of a Director and require each Director to be re-elected every three years. All the Directors were elected by shareholders at the AGM in 2017 and the Directors will stand for re-election again at the AGM in 2020. Each of the Directors was in office throughout the year under review. The appointment date for each Director is given on page 22.

Directors' Interests and Conflicts of Interests

The Chairman of the Company is a Non-executive Director and has no conflicting relationships.

The share interests of the Directors in the ordinary and subscription shares (prior to conversion) of the Company are set out in the table on page 37.

Directors have a duty to avoid a situation in which they have or could have a conflict of interest or possible conflict with the interests of the Company. Under the Companies Act 2006 public companies may authorise conflicts or potential conflicts if the Articles of Association contain provisions to this effect; the Company's Articles of Association contain such provisions.

Each Director has provided the Company with a statement of all conflicts of interest and potential conflicts of interest. These have been approved by the Board and recorded in a register. The Board may impose conditions on authorising any conflict or potential conflict situation. Each Director has agreed to notify the Chairman and the Company Secretary of any changes to his or her circumstances which would impact on the notified conflicts or potential conflict with the interests of the Company. No Director has declared receipt of any benefits other than his or her emoluments in his or her capacity as a Director of the Company.

Only Directors not involved in the conflict or potential conflict may participate in the authorisation process. Directors, in deciding whether to authorise a situation or not, will take into account their duty to promote the Company's success.

The Board, as part of its year end review, considered the register of conflicts, any conditions imposed on such conflicts or potential conflicts and the operation of the notification and authorisation process. It concluded that the process had operated effectively since its introduction.

No Director has any links with the Investment Manager and there were no contracts during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business or to the Director.

Report of the Directors continued

Role and Responsibilities

The Board

The Board meets regularly and as required. In the year to 30 November 2017, there were five scheduled Board meetings dealing with the ongoing stewardship of the Company and other matters, including the setting and monitoring of investment strategy and performance, review of financial statements, and shareholder issues including investor relations. The level of share price discount or premium to the net asset value together with policies for re-purchase or issuance of new shares are kept under review along with matters affecting the industry and the evaluation of third party service providers. During the year under review a number of additional meetings of the Board and Manager were held to discuss, in particular, the review of and change to the Benchmark.

A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No such advice was sought during the year.

The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

The number of formal meetings of the Board and its Committees held during the year and the attendance of individual Directors are shown below:

Year ended 30 November 2017

	Board	Audit Committee	Management Engagement Committee
Number of scheduled meetings	5	3	1
Robert Kyprianou	5	3	1
Katrina Hart	5	3	1
Joanne Elliott	5	3	1

All the Directors attended the Annual General Meeting.

Senior Independent Director

Due to the structure of the Board it is considered unnecessary to identify a senior Non-executive. The Board considers that each Director has different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed. Directors may be contacted through the Registered Office of the Company.

Board Committees

The Board has delegated to the Audit Committee and the Management Engagement Committee specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board. The Board has determined that due to its size, and the fact that all the Directors are Non-executive and independent, the functions of the Nomination Committee and Remuneration Committee are carried out by the full Board.

The Board acting as the Nomination Committee will, when considering new or further appointment of directors, consider the balance of skills, knowledge and experience as well as gender diversity of the whole Board and will also consider the use of external consultants when drawing up a list of candidates.

The Board also creates ad hoc committees from time to time to enact policies or actions agreed in principle by the whole Board. Copies of the terms of reference for each of the Audit and Management Engagement Committees are available on the Company’s website.

Audit Committee

The Audit Committee comprises all the independent Non-executive Directors under the chairmanship of Joanne Elliott. The Board is satisfied that at least one of the Committee's members has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The experience and qualifications of the Committee members are set out in the biographical details on page 22.

None of the members of the Committee has any involvement in the preparation of the financial statements of the Company, as this has been contracted to the Investment Manager. The Chairman of the Committee will be present at the AGM to answer questions relating to the financial statements.

The Audit Committee has direct access to the auditors and to the key senior staff of the Investment Manager and it reports its findings and recommendations to the Board which retains the ultimate responsibility for the financial statements of the Company.

A separate report of the work of the Audit Committee over the year is set out on pages 39 to 43.

Management Engagement Committee

The Management Engagement Committee comprises all the independent Non-executive Directors under the chairmanship of Katrina Hart and meets once a year and at such other times as may be necessary.

The Management Engagement Committee is responsible for the review of the relationship with the Investment Manager including the annual review of the Investment Management and other services and resources supplied by Polar Capital, prior to making its recommendation to the Board, as to whether the retention of the Investment Manager is in the best interests of shareholders.

Work of the Management Engagement Committee

The Management Engagement Committee meets annually and last met in November 2017, when it reviewed the Company's investment performance and the quality of the other services provided by Polar Capital LLP. Based on the Investment Manager's superior investment performance relative to the Benchmark and peers, together with the high quality of Polar Capital's operating platform, it is the Directors' opinion that the continuing appointment of Polar Capital LLP on existing terms is in the interests of the Company and shareholders as a whole.

Directors' Professional Development

If a new Director is appointed, he or she is offered an induction course provided by the Investment Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors may also participate in the Investment Manager's online training, as well as participating in professional and industry seminars.

Report of the Directors continued

Performance Evaluation

The Board

The evaluation of the Board, its Committees and individual Directors is carried out annually and involves the use of a written questionnaire and the Chairman seeking the views of each Director. The responses to the questionnaire are reviewed by the full Board. The Directors are assessed on their relevant experience, their strengths and weaknesses in relation to the requirements of the Board and their commitment to the Company in terms of time spent on attending regular and ad hoc meetings of the Board.

The review of the Chairman's performance is conducted by the full Board led by the Chairman of the Audit Committee. The Board considers size and structure of the Board, as well as succession planning, bearing in mind the balance of skills, knowledge and experience existing on the Board and the Company's expected seven year life.

Reappointment as a Director is not automatic but follows a formal evaluation process. The Company does not have a policy on length of service for Directors due to the expected seven year life. All Directors were appointed for an initial term of three years and are subject to reappointment in accordance with the Articles of Association and Companies Act provisions.

The Investment Manager

The Board has contractually delegated the management of the portfolio to the Investment Manager, Polar Capital LLP ('the Investment Manager'). It is the Investment Manager's sole responsibility to take decisions regarding the purchase and sale of individual investments. The Investment Manager has responsibility for asset allocation and stock selection within the limits established and regularly reviewed by the Board.

The investment team provided by the Investment Manager, led by Mr Nick Brind and Mr John Yakas, has experience of investing in the financials sector. In addition, the Investment Manager has other resources which support the investment team and has experience in managing and administering other investment trust companies.

The Investment Manager also provides or procures accountancy services, company secretarial and administrative services including the monitoring of third party suppliers which are directly appointed by the Company. The Investment Manager provides, in a timely manner, all relevant management, regulatory and financial information to the Directors. Representatives of the Investment Manager attend Board meetings, enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The Directors have access to the advice and services of the corporate company secretary, through its appointed representative who is responsible to the Board for ensuring Board procedures are followed and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment.

The Board reviews the performance of the Investment Manager and the Company's performance against the Benchmark and peer group at each Board meeting.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is set out on pages 44 and 45 and the Independent Auditors' Report is on pages 46 to 51.

Internal Controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Company has no employees as its operational functions are carried out by third parties.

The Audit Committee does not consider it necessary for the Company to establish its own internal audit function as the Investment Manager, overseen by the Board, is responsible for monitoring all accounting and internal control operations. The Investment Manager has an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The Investment Manager is authorised and regulated by the Financial Conduct Authority and its compliance department monitors compliance with the FCA rules.

The Board, through the Audit Committee, has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process is documented through the use of a Risk Map which is subject to regular review by the Audit Committee and accords with the Revised Guidance for Directors on the Combined Code published by the Financial Reporting Council.

The controls are embedded within the business and aim to ensure that identified risks are managed and systems are in place to report on such risks. The internal controls seek to ensure the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used by the Company and for publication is reliable. Controls covering the risks identified, including financial, operational, compliance and risk management are monitored by a series of regular reports covering investment performance, attribution analysis, reports from various third parties and from the Investment Manager including risks not directly the responsibility of the Investment Manager.

Internal Controls Operation

The internal controls process was active throughout the year and up to the date of approval of this Annual Report. However, such an internal controls system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board will continue to monitor the system of internal controls in order to provide assurance that they operate as intended.

The Board has received a formal report from the Investment Manager, with details of any known internal control failures and has also considered reports on the Investment Manager's internal controls and systems operated by other third party suppliers. The Board considers ad hoc reports from the Investment Manager and information is supplied to the Board as required.

The Investment Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services but remains responsible to the Company for these functions and provides the Board with information on these services.

The Board, assisted by the Investment Manager, reviewed the Risk Map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the year ended 30 November 2017 and up to the date of this Annual Report.

The Board has adopted a zero tolerance approach to bribery and corruption in its business activities and uses the anti-bribery policy formulated and implemented by Polar Capital LLP which has been sent to all suppliers of both Polar Capital LLP and the Company.

Report of the Directors continued

Relations with Shareholders

The Board and the Investment Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are kept informed by the publication of annual and interim reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication by the Investment Manager of a monthly factsheet and a Key Information Document.

All this information together with the Investment Manager's presentations is available from the Company's website at www.polarcapitalglobalfinancialstrust.com.

The Board is keen that the AGM be a participative event for all shareholders who attend. The Investment Manager will make a presentation and shareholders are encouraged to attend. The Chairmen of the Board and of the Committees will attend the AGM and are available to respond to queries and concerns from shareholders. In the event of any material dissent, the Board will engage directly with shareholders.

At least twenty working days' notice of the AGM will be given to shareholders and separate resolutions are proposed in relation to each substantive issue.

Where the vote is decided on a show of hands, the proxy votes received will be relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Annual General Meeting sets out the business of the AGM together with the full text of any special resolutions.

Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the company secretary at the Registered Office of the Company.

The Board monitors the share register of the Company; it also reviews all correspondence from shareholders and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the Registered Office of the Company.

By order of the Board

Tracey Lago ACIS
Polar Capital Secretarial Services Limited
Company Secretary
7 February 2018

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium Sized Companies and Groups (Financial Statements) (Amendment) Regulations 2013 and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 November 2017.

Shareholders will be asked to approve the Implementation Report for the year under review at the AGM on 25 April 2018.

Chairman's Report

Shareholders approved the Directors' Remuneration Policy by way of an ordinary resolution passed at the AGM on 26 April 2017. The Policy will remain in force until 30 November 2020, unless new approval is obtained before that date. It is the Directors' intention to ask shareholders for renewed approval of the Policy, as drafted below, at the Annual General Meeting in April 2020. There have been no changes to the currently approved Policy as shown below:

Company's Policy on Directors' Remuneration

Policy	Operation	Opportunity
How policy supports strategy		
The Board consists entirely of Non-executive Directors, who meet regularly to deal with the Company's affairs. The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.	Non-executive Directors have formal letters of appointment (which include notice periods of one month) and their remuneration is determined by the Board within the limits set by the Articles of Association (of £200,000 in the aggregate). Rates are reviewed annually but the review will not necessarily result in any change to rates. Non-executive Directors are appointed initially for a three year term, subject to re-election by shareholders. All fees are paid in cash, monthly or quarterly in arrears, to the Director concerned or to a third party in respect of their services.	The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector. Additional fees for the roles of Chairman of the Company and Chairman of the Committees may also be offered.
As the Company is an investment trust and all the Directors are Non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.	Non-executive Directors do not receive any bonus, nor do they participate in any long-term incentive schemes or pension schemes. The Directors have agreed to maintain at all times a holding of shares representing at cost at least 50% of their net cumulative fees for at least five years.	There are no performance conditions relating to Non-executive Directors' fees.

Fee Review

As the Company is an investment trust with no executive directors or employees, the Board as a whole performs the role of the Remuneration Committee.

- The Board, acting as the Remuneration Committee, undertook a review of the fees paid to the Directors in November 2017 and concluded that a small inflationary change as detailed below would be made to remuneration levels with effect from 1 December 2017. There had been no previous changes in remuneration throughout the life of the Company.
- Directors' fees will continue to be reviewed on an annual basis.

Directors’ Remuneration Report continued

Annual Statement

As Chairman, Robert Kyprianou reports that there have been no changes to Directors’ remuneration in the year under review.

Implementation Report – Directors’ Remuneration for the year ended 30 November 2017

Service Contracts

None of the Directors has a contract of service or a contract for services and a Director may resign by giving one month’s notice in writing to the Board at any time. In accordance with recommended practice, each Director has received a letter setting out the terms of his or her appointment.

New Directors are appointed and elected with the expectation that they will serve for a period of at least three years. Each Director’s appointment will be reviewed formally each time a Director retires by rotation under the Articles of Association.

Directors’ and officers’ liability insurance

Directors’ and officers’ liability insurance cover is held by the Company in respect of the Directors. The Company has, as permitted by the Articles of Association, entered into a Deed of Indemnity with and in favour of each Director, indemnifying the Directors in respect of costs and liabilities which they may incur in connection with proceedings against them arising out of their position as a Director (excluding criminal or regulatory penalties). The indemnities granted to the Directors are subject to certain exclusions and limitations, including that such indemnities shall not apply to the extent prohibited by law.

Directors’ legal costs may in certain circumstances be funded up-front, provided that such costs are reimbursed to the Company where required, including if the individual is convicted or, in an action brought by the Company, judgment is given against him. These provisions were in force during the year and remain in force.

Remuneration Report for the year ended 30 November 2017

The result of the shareholder votes on the Directors’ Implementation Report and the Remuneration Policy, submitted to the 2017 Annual General Meeting, were as follows:

	Remuneration Policy %	Implementation Report %
Votes for	99.99	99.99
Votes against	0.01	0.01
Votes abstained	0	0

The Board considers the level of support from shareholders as a positive endorsement of its remuneration policy and operation. There have been no communications from shareholders regarding any aspect of the Directors’ remuneration.

Relative Importance of Spend on Remuneration

As the Company has no employees, the table below comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on remuneration, this has been shown in the table below compared with the Company’s total revenue, and dividend distributions.

	2017 £’000	2016 £’000	Change
Directors’ total remuneration	90	90	–
Dividends paid and payable	7,266	6,120	1,146
Profit on ordinary activities after tax	37,245	40,835	(3,590)

No payments were made in the period to any past Directors (2016: £nil).

Remuneration Arrangements

In the year under review, the Directors' fees were paid at the following annual rates: the Chairman £35,000; other Directors £25,000 with the Chairman of the Audit Committee receiving an extra £5,000 for performing that additional role. As detailed above, an increase was agreed and took effect on 1 December 2017. Directors' fees for the year from 1 December 2017 will be Chairman £37,000; other Directors £26,500 with the Chairman of the Audit Committee continuing to receive an extra £5,000 for performing that additional role.

Remuneration (Audited)

The fees payable in respect of each of the Directors were as follows:

	Date of appointment	Year ended 30 November 2017 £	Year ended 30 November 2016 £
Robert Kyprianou	7 June 2013	35,000	35,000
Joanne Elliott (Chairman of the Audit Committee)*	7 June 2013	30,000	30,000
Katrina Hart (Chairman of the Management Engagement Committee)	7 June 2013	25,000	25,000
Total		90,000	90,000

* Payment of £30,000 is made to Thames River Capital LLP in respect of Joanne Elliott's services as a Director.

No pension contributions or other remuneration or compensation were paid or payable by the Company during the year to any of the Directors. Consequently, the figures shown above comprise the single total remuneration figure for each Director.

Directors' share interests (Audited)

The interests of Directors in the ordinary and subscription shares of the Company on 30 November 2016 and 30 November 2017 are as follows:

	Ordinary shares		Subscription shares	
	30 November 2017	30 November 2016	30 November 2017	30 November 2016
Robert Kyprianou	64,869	53,606	–	10,000
Joanne Elliott	30,000	25,000	–	5,000
Katrina Hart	51,700	46,700	–	5,000

All holdings are beneficially held and there have been no changes in these interests between the end of the financial year and 7 February 2018.

The Directors have agreed to maintain a holding of ordinary shares representing, at cost, at least 50% of their net cumulative fees for at least five years, except for Joanne Elliott who does not receive her fees personally.

All of the Directors converted their subscription shares on 31 July 2017.

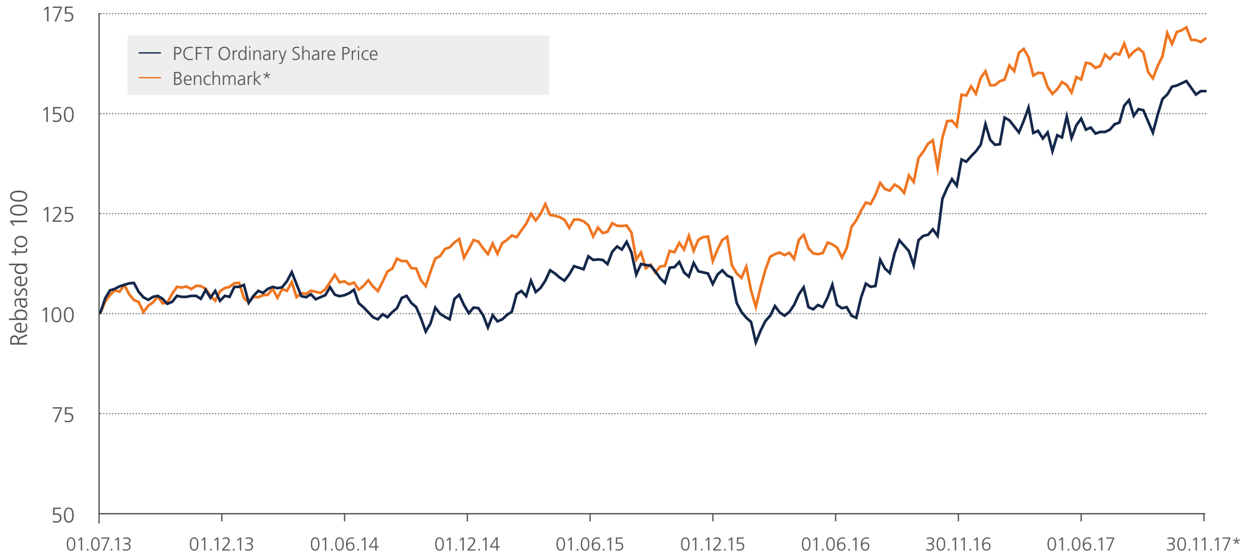
Directors' Remuneration Report continued

Performance

A performance comparison is required to be presented in this report. As the Company was incorporated on 17 May 2013 and commenced trading on 1 July 2013, the performance comparison is shown for the period from 1 July 2013.

The Company's Benchmark for the period to 31 August 2016 was the MSCI World Financials Index*. On 1 September 2016 the constituents of the MSCI World Financials Index changed to exclude real estate, therefore from this date the Company has adopted a revised benchmark. MSCI has provided an index of the MSCI World Financials Index with Real Estate added back, the MSCI World Financials + RE Index*. This Index has been adopted for all periods from 1 September 2016.

* In Sterling with dividends reinvested.



Source: Polar Capital.

* See above.

The chart above, in accordance with legislation, shows the total return per ordinary share, and does not take into account the value ordinary shareholders would have received from the subscription shares they were given at launch and were able to sell or exercise on the single conversion date of 31 July 2017.

Approved by the Board on 7 February 2018.

Robert Kyprianou
Chairman

Report of the Audit Committee

The constitution and composition of the Audit Committee is given on page 22. There have been no changes to the membership of the Committee over the financial year to 30 November 2017.

The Committee is chaired by Joanne Elliott and comprises all the Directors. The Board is satisfied that the Committee has sufficient recent and relevant financial experience and, as a whole, has competence relevant to the sector in which the Company operates for the Committee to discharge its functions effectively. The experience of the members of the Committee can be assessed from the Directors' biographies on page 22.

PricewaterhouseCoopers LLP (PwC) have been the appointed Auditors since 2013.

During the year, the Committee met three times, with all members attending each meeting and considered the following issues:

- The scope of the annual audit and agreement with the auditors concerning the key areas of focus;
- The reports from the auditors concerning their audit of the annual financial statements of the Company;
- The performance of the external auditors and the level of fees charged for their services;
- The appropriateness of and any changes to the accounting policies of the Company, including any judgments required by such policies and the reasonableness of such;
- The financial disclosures contained in the annual report and semi-annual reports to shareholders;
- The policy for non-audit services which may be provided by the Auditors in line with FRC guidance;
- The independence and objectivity of the external auditors;
- The appointment of the auditors and the need to put the audit out for tender;
- The Risk Map covering the identification of new risks, adjustments to the existing risks and mitigation and controls in place to manage the principal risks;
- The reports from the Investment Manager and its auditors on the effectiveness of the system of internal financial control, including the Risk Map;
- The going concern statement, longer-term viability statement and the requirement that the annual report and financial statements, when taken as a whole, is fair, balanced and understandable; and
- The policy and controls used by the Investment Manager surrounding the use of brokerage commissions generated from transactions in the Company's portfolio and the obtaining of best execution on all transactions.

Efficacy of Audit Process

The Audit Committee monitored and evaluated the effectiveness of the auditors and any changes in the terms of their appointment, based on an assessment of their performance, qualification, knowledge, expertise and resources. The auditors' independence was also considered, along with other factors such as audit planning and interpretations of accounting standards. This evaluation was carried out throughout the year by meetings held with the auditors, by review of the audit process and by comments from the Investment Manager and others involved in the audit process.

The auditors are provided with an opportunity to address the Committee without the Investment Manager present, to raise any concerns or discuss any matters relating to the audit work and the co-operation of the Investment Manager and others in providing any information, and the quality of that information including the timeliness in responding to audit requests.

As part of the year end process, the Committee considered the level of fees paid to the auditors, bearing in mind the nature of the audit and the quality of services previously received.

Report of the Audit Committee continued

Consideration of the Annual Report and Financial Statements

The Committee performed this role through monitoring the integrity of the financial statements of the Company and the system of accounting to ensure compliance with relevant and appropriate accounting standards. The scope of the audit was agreed in advance, with a focus on areas of audit risk and the appropriate level of audit materiality. The auditors reported on the results of the audit work to the Committee and highlighted any issues which the audit work had identified or the Committee had previously identified as significant or material in the context of the financial statements.

Significant Matters in Relation to the Financial Statements for the Year Ended 30 November 2017

In addition to the matters considered by the Committee in forming its opinions on the Going Concern and longer-term viability statements described below, and in concluding that the Annual Report is fair, balanced and understandable, the Committee also considered the following matters in relation to the financial statements:

Significant matter	How the issue was addressed
Valuation, existence and ownership of investments	The valuation is carried out in accordance with the accounting policy described in note 2. The Depositary has reported on its work and safe keeping of the Company's investments.
Compliance with S1158 of the Corporation Tax Act 2010	Consideration of compliance with the requirements of investment trust status is carried out at each Board meeting throughout the year.

There were no adverse matters brought to the Audit Committee's attention in respect of the 2017 audit which were material or significant or which should be brought to shareholders' attention.

Conclusions in Respect of the Annual Report and Financial Statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report is fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria satisfied. In doing so, the Committee has given consideration to the following:

- The comprehensive control framework over the production of the Annual Report, including the verification processes in place to deal with the factual content;
- The extensive levels of review undertaken in the production process by the Investment Manager and the Committee; and
- An unqualified audit report from the auditors confirming their work and their views on the effectiveness of internal control.

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 30 November 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and it has reported on these findings to the Board.

Consideration of the Semi-Annual Report and Financial Statements

The Committee considered and reviewed the half-year report and financial statements which are not audited or reviewed by its auditors to ensure that they reflected the accounting policies used in the annual financial statements.

Non-Audit Work

The Committee's policy on the provision of non-audit work by the auditors seeks to ensure that there is a clear separation of audit work and non-audit work and that the cost of any non-audit work is justified and is not disproportionate to the audit fees to the extent that the independence of the auditors would be compromised.

The Committee has carried out a review of the non-audit services to satisfy itself that these are provided within the policy and have been delivered in an efficient and cost effective way. The Audit Committee has discussed the specific non-audit activities previously provided by the Auditors to ensure that none of the services would put the Auditor in the position of auditing their own work. The Audit Committee believes the objectivity and independence of the Auditors was maintained, notwithstanding that non-audit work may have been undertaken.

The Committee reviewed the non-audit work and considered that PwC was previously an appropriate provider as this work related to the provision of iXBRL tagging of the Financial Statements for presentation to HMRC and tax agency service provision in Taiwan. However, following revisions to the ethical standards to be considered when applying the FRC Guidance on Audit Committees issued in April 2016, tax services including the preparation of tax forms fall into prohibited non-audit services. Future iXBRL tagging services will therefore be provided by an independent supplier. The Investment Manager has engaged, on behalf of the Company, the services of ARKK Solutions ('ARKK') for tagging of the financial statements for the year ended 30 November 2017 for presentation to HMRC and the services of Grant Thornton LLP to act as the Company's tax agent in Taiwan.

The fees paid to PwC in respect of the audit of the annual financial statements amounted to £25,515 (2016: £24,890). There has been no non-audit work provided by PwC in the year ended 30 November 2017. In the previous financial year PwC carried out a tagging service for submission of the financial statements to HMRC at £500 but that service is now provided by ARKK at £450. Also, in the financial year 2016, PwC provided tax agency services in Taiwan at a cost of US$3,000 which has now been transferred to Grant Thornton LLP at the same cost.

The Committee does not consider the previous provision of this non-audit work to the Company affects the independence of the Auditors.

Appointment of Auditors and Tenure

The Committee also considers by way of meetings and reports, the appointment, re-appointment, remuneration and work of the auditors.

PricewaterhouseCoopers LLP have provided audit services to the Company from its incorporation in 2013 to date. As the Company has an expected fixed life lasting less than 10 years, it is considered there is no need to plan for an audit tender.

There are no contractual obligations restricting the choice of external auditors.

The Committee, having considered the above factors, considers it appropriate to recommend to the Board and shareholders that PricewaterhouseCoopers LLP be reappointed as auditors at the AGM.

PricewaterhouseCoopers LLP have agreed to offer themselves for reappointment as auditors in accordance with section 487(2) of the Companies Act 2006 and resolutions requesting approval of their reappointment and to authorise the Directors to determine their remuneration will be presented at the AGM.

Report of the Audit Committee continued

Overview of Risk

The Board has ultimate responsibility for the management of risk throughout the Company and has asked the Audit Committee to assist in maintaining an effective internal control environment.

The Company has a Risk Map which seeks to identify, quantify, monitor and control principal risks as far as possible. Over the year, the Audit Committee undertook a substantial review of the Risk Map used by the Company to identify the principal risks facing the business and reviewed each risk as to its likelihood and impact. The Audit Committee, on behalf of the Directors, carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance and liquidity. The Committee also robustly considered the mitigating factors and controls to reduce the impact of such risks, as described on pages 16 to 18. This process was carried out throughout the year and is the means by which the Risk Map is monitored and kept relevant, by reflecting changes.

As part of the year end processes, the Committee also undertook a review of the effectiveness of the system of internal controls, taking into account any issues that had arisen during the course of the year. Representatives of the Investment Manager reported to the Committee on the internal controls operated by the Investment Manager and it also received internal controls reports from other key suppliers on the quality and effectiveness of the services provided to the Company. The annual review of the Risk Map and the effectiveness of the system of internal controls was conducted by the Audit Committee, assisted by the Investment Manager as part of the year end process for the preparation of the Annual Report. There were no issues which arose during the course of the year ended 30 November 2017, and up to the date of this report, which were considered significant.

The Audit Committee has also considered the policy and controls used by the Investment Manager surrounding the use of brokerage commission generated from transactions in the Company's portfolio and the obtaining of best execution on all transactions.

The Audit Committee will continue to actively monitor the system of internal controls, through the regular review of the Risk Map and controls, in order to provide assurance that they operate as intended.

Longer-term Viability and Going Concern

Going Concern

The Audit Committee, at the request of the Board, has considered the ability of the Company to adopt the going concern basis for the preparation of the Financial Statements. The Committee has considered the financial position of the Company, its cash flow and liquidity position. The Committee has also considered, in making its assessment:

- any material uncertainties and events that might cast significant doubt upon the Company's ability to continue as a going concern;
- the Company's ability to liquidate its portfolio and meet its expenses as they fall due, together with its exposure to currency and credit risk; and
- the factors impacting the forthcoming year as set out in the Strategic Report section, comprising the Chairman's Statement, the Investment Manager's Report and the Strategic Review.

The financial position of the Company and its cash flows and liquidity position are described in the Strategic Report and Financial Statements. Note 26 to the Financial Statements includes the Company's policies and process for managing its capital, its financial risk management objectives and details of the financial instruments. Exposure to credit risk and liquidity risk are also disclosed.

In the light of information provided to the Audit Committee and the assessment of the financial position of the Company, the Committee has recommended that a going concern basis should be adopted by the Board for the preparation of the Financial Statements for the year ended 30 November 2017.

Longer-Term Viability

The Board has also asked the Audit Committee to address the requirement that a longer-term viability statement be provided to shareholders. This statement should take account of the Company's current position and principal risks as set out on pages 16 to 18 so that the Board may state that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment.

To provide this assessment the Audit Committee has considered the Company's financial position as described above to liquidate its portfolio and meet its expenses as they fall due:

- The portfolio comprises investments traded on major international stock exchanges. There is a spread of investments by size of company. The current portfolio could be liquidated to the extent of 96% within seven trading days, and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position;
- The Company has only three Non-executive Directors and no employees and consequently does not have redundancy or other employment related liabilities or responsibilities.

As well as considering the principal risks on pages 16 to 18 (together with their mitigating factors) and the financial position of the Company, the Audit Committee has also considered the following assumptions when assessing the longer-term viability.

- The fact that the Company faces a liquidation vote at the seventh AGM, expected to be held in April 2020. The voting at this meeting has been enhanced such that, provided any single vote is cast in favour, the resolution will be carried;
- Financials will continue to be an investable sector of the international stock markets and that investors will still wish to have an exposure to such investments;
- Closed end investment trusts will continue to be wanted by investors;
- Regulation will not increase to a level that makes the running of the Company uneconomical in comparison with other competitive products; and
- The performance of the Company will continue to be satisfactory. Should the performance be weaker than the Board deems acceptable, it has appropriate powers to replace the Investment Manager.

In light of these considerations, the Audit Committee has recommended to the Board that a statement on the Company's longer-term prospects to continue its operations and meet its expenses and liabilities as they fall due, until the winding up vote at the seventh AGM (expected April 2020), may be made.

Joanne Elliott

Chairman of the Audit Committee

7 February 2018

Statement of Directors' Responsibilities

In respect of the Annual Report, Directors' Remuneration Report and Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Financial Statements, Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website although day to day maintenance has been delegated to Polar Capital LLP. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Disclosure of Information to the Auditors

As far as the Directors are aware and to the best of their knowledge, having made enquiries, there is no relevant audit information of which the auditors are unaware and the Directors have taken steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

Going Concern

The Board has, through the Audit Committee, considered the Company's position as at 30 November 2017 and the factors impacting the forthcoming year are set out in the Chairman's Statement and the Investment Manager's Report on pages 3 to 9 of the Annual Report and in the Strategic Review and in the Report of the Directors which incorporates the corporate governance statements.

The financial position of the Company, its cash flows, and its liquidity position are described in the Strategic Report section on pages 13 to 21 of the annual report. Note 26 to the Financial Statements includes the Company's policies and process for managing its capital; its financial risk management objectives and details of financial instruments. Exposure to credit risk and liquidity risk are also disclosed.

The Company has a portfolio of investments listed and traded on stock exchanges around the world, the great majority of which can be sold within seven working days, providing considerable financial resources, and after making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Longer-Term Viability

The Board, through the Audit Committee, has considered and addressed the ability of the Company to continue to operate over a longer period. The work of the Audit Committee in looking at the longer-term viability is described on pages 42 to 43 of the Annual Report.

As an investment company with a liquid portfolio, the majority of which can be sold within seven working days, limited expenses which are modest in relation to the asset base of the Company, and no employees the Directors are of the opinion that the Company can continue in operation up to its wind up date, expected to be in April 2020.

Responsibility Statement under the Disclosure and Transparency Rules

Each of the Directors of Polar Capital Global Financials Trust plc, who are listed on page 22 of the annual report, confirm that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Chairman's Statement, Investment Manager's Report, Strategic Review and Report of the Directors (together constituting the Management Report) include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The financial statements were approved by the Board on 7 February 2018 and the responsibility statements were signed on its behalf by Robert Kyprianou, Chairman of the Board.

Robert Kyprianou
Chairman
7 February 2018

Independent Auditors' Report

To the Members of Polar Capital Global Financials Trust plc

Report on the financial statements

Opinion

In our opinion, Polar Capital Global Financials Trust plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements included within the Report and Financial Statements (the Annual Report) which comprise: the Balance Sheet; the Statement of Comprehensive Income; the Cash Flow Statement; the Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 December 2016 to 30 November 2017.

Our audit approach

Overview

Materiality

- Overall materiality: £2.93 million (2016: £2.23 million), based on 1% of net assets.

Audit scope

- The Company is a standalone Investment Trust Company and engages Polar Capital LLP (the 'Manager') to manage its assets.
- We conducted our audit of the financial statements using information from HSBC Securities Services (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key audit matters

- Income from investments.
- Valuation and existence of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We designed audit procedures that focused on the risk of non-compliance related to section 1158 of the Corporation Tax Act 2010. Our work included testing the Company's compliance with section 1158 in the current year as well as testing the tax disclosures in Note 10. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Income from investments	
Refer to page 40 (Report of the Audit Committee), page 56 (Accounting Policies) and page 61 (Notes). ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to specifically relate to the risk of overstating investment gains and the misclassification of dividend income as capital rather than revenue due to the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the gains on investments and the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the classification of income and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.

Independent Auditors' Report continued
To the Members of Polar Capital Global Financials Trust plc

Report on the financial statements continued
Our audit approach continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments	
Refer to page 40 (Report of the Audit Committee), page 56 (Accounting Policies) and page 61 (Notes to the Accounts). The investment portfolio at 30 November 2017 comprised listed equity investments of £295 million and unlisted investments of £3.1 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of 100% of the listed investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We tested the valuation of the unlisted investment in Atom Bank by comparing the valuation to recent market transactions. No misstatements were identified by our testing which required reporting to those charged with governance. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depositary, HSBC Bank plc as at 30 November 2017. No differences were identified.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Manager outsources certain accounting administrative functions to HSBC, who maintains its own accounting records and controls, and reports to the Manager and the Directors.

We have conducted a fully substantive audit. However as part of our risk assessment, we assessed the control environment in place at the Manager and HSBC to the extent relevant to our audit. This assessment involved obtaining and reading the relevant controls reports, issued by the independent auditors of the Manager and HSBC in accordance with generally accepted assurance standards for work, to gain an understanding of the Manager's and HSBC's control environment and to consider the operating and accounting structure at the Manager and HSBC. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2.93 million (2016: £2.23 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practise for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year on year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £147,000 (2016: £112,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 45 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

Independent Auditors' Report continued

To the Members of Polar Capital Global Financials Trust plc

Report on the financial statements continued

Reporting on other information continued

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company continued

- The directors' explanation on page 43 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 45, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 31 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 44, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 17 May 2013 to audit the financial statements for the year ended 30 November 2013 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 30 November 2013 to 30 November 2017.

Allan McGrath (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors, Edinburgh

7 February 2018

Statement of Comprehensive Income

For the year ended 30 November 2017

	Notes	Year ended 30 November 2017 Revenue return £'000	Year ended 30 November 2017 Capital return £'000	Year ended 30 November 2017 Total return £'000	Year ended 30 November 2016 Revenue return £'000	Year ended 30 November 2016 Capital return £'000	Year ended 30 November 2016 Total return £'000
Investment income	3	9,757	8	9,765	8,917	83	9,000
Other operating income	4	6	–	6	2	–	2
Gains on investments held at fair value	5	–	30,771	30,771	–	34,761	34,761
Gains on derivatives		–	309	309	–	555	555
Other currency gains/(losses)	6	–	25	25	–	(619)	(619)
Total income		9,763	31,113	40,876	8,919	34,780	43,699
Expenses							
Investment management fee	7	(416)	(1,665)	(2,081)	(298)	(1,191)	(1,489)
Other administrative expenses	8	(520)	–	(520)	(483)	–	(483)
Total expenses		(936)	(1,665)	(2,601)	(781)	(1,191)	(1,972)
Profit before finance costs and tax		8,827	29,448	38,275	8,138	33,589	41,727
Finance costs	9	(53)	(212)	(265)	(57)	(227)	(284)
Profit before tax		8,774	29,236	38,010	8,081	33,362	41,443
Tax	10	(950)	185	(765)	(891)	283	(608)
Net profit for the year and total comprehensive income		7,824	29,421	37,245	7,190	33,645	40,835
Earnings per ordinary share (basic) (pence)	11	4.29	16.14	20.43	4.16	19.46	23.62

The total return column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The amounts dealt with in the Statement of Comprehensive Income are all derived from continuing activities.

The notes on pages 56 to 80 form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 November 2017

	Notes	Year ended 30 November 2017 Called up share capital £'000	Capital Redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 December 2016		8,915	251	21,946	139,235	51,703	5,238	227,288
Total comprehensive income:								
Profit for the year ended 30 November 2017		–	–	–	–	29,421	7,824	37,245
Transactions with owners, recorded directly to equity:								
Conversion of subscription shares	18,20	1,224	–	33,906	–	–	–	35,130
Equity dividends paid	12	–	–	–	–	–	(6,371)	(6,371)
Total equity at 30 November 2017		10,139	251	55,852	139,235	81,124	6,691	293,292

	Notes	Year ended 30 November 2016 Called up share capital £'000	Capital Redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total Equity £'000
Total equity at 1 December 2015		8,991	175	21,946	140,688	18,058	3,801	193,659
Total comprehensive income:								
Profit for the year ended 30 November 2016		–	–	–	–	33,645	7,190	40,835
Transactions with owners, recorded directly to equity:								
Shares repurchased and cancelled	18,19, 21	(76)	76	–	(1,453)	–	–	(1,453)
Equity dividends paid	12	–	–	–	–	–	(5,753)	(5,753)
Total equity at 30 November 2016		8,915	251	21,946	139,235	51,703	5,238	227,288

The notes on pages 56 to 80 form part of these financial statements.

Balance Sheet
As at 30 November 2017

	Notes	30 November 2017 £'000	30 November 2016 £'000
Non current assets			
Investments held at fair value	13	298,375	239,363
Current assets			
Receivables	14	766	3,537
Corporation tax receivable		20	–
Overseas tax recoverable		98	63
Cash and cash equivalents	15	7,231	5,240
		8,115	8,840
Total assets		306,490	248,203
Current liabilities			
Payables	16	(3,198)	(2,986)
Corporation tax payable		–	(53)
Bank loan	17	(10,000)	(17,500)
Fair value of open derivative contracts	13	–	(376)
		(13,198)	(20,915)
Net assets		293,292	227,288
Equity attributable to equity shareholders			
Called up share capital	18	10,139	8,915
Capital redemption reserve	19	251	251
Share premium reserve	20	55,852	21,946
Special distributable reserve	21	139,235	139,235
Capital reserves	22	81,124	51,703
Revenue reserve	23	6,691	5,238
Total equity		293,292	227,288
Net asset value per ordinary share (pence)	24	144.64	132.01
Net asset value per ordinary share (diluted) (pence)	24	144.64	129.44

The financial statements on pages 52 to 55 were approved and authorised for issue by the Board of Directors on 7 February 2018 and signed on its behalf by:

Robert Kyprianou
Chairman

The notes on pages 56 to 80 form part of these financial statements.

Registered number: 8534332

Cash Flow Statement

For the year ended 30 November 2017

	Notes	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Cash flows from operating activities			
Profit before tax		38,010	41,443
Adjustment for non-cash items:			
Gain on investments held at fair value through profit or loss		(30,771)	(34,761)
Scrip dividends received		(126)	(145)
Amortisation on fixed interest securities		(30)	(35)
Adjusted profit before tax		7,083	6,502
Adjustments for:			
Purchases of investments, including transaction costs		(79,835)	(50,160)
Sales of investments, including transaction costs		54,566	44,132
Decrease/(increase) in receivables		137	(64)
(Increase)/decrease in payables		(346)	83
Overseas taxation deducted at source		(873)	(577)
Net cash used in operating activities		(19,268)	(84)
Cash flows from financing activities			
Cost of subscription shares conversion		35,130	(1,453)
Loan repaid		(7,500)	–
Loan drawn		–	7,500
Equity dividends paid	12	(6,371)	(5,753)
Net cash generated from financing activities		21,259	294
Net increase in cash and cash equivalents		1,991	210
Cash and cash equivalents at the beginning of the year		5,240	5,030
Cash and cash equivalents at the end of the year	15	7,231	5,240

The notes on pages 56 to 80 form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 November 2017

1 General Information

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies under IFRS.

The Board has determined that sterling is the Company's functional currency and the presentational currency of the financial statements because it is the currency which is most relevant to the majority of the Company's shareholders and creditors and is the currency in which the majority of the Company's operating expenses are paid. All figures are rounded to the nearest thousand pounds (£'000) except as otherwise stated.

2 Accounting Policies

The principal accounting policies, which have been applied consistently for all periods presented, are set out below:

(a) Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in November 2014 (and updated in January 2017), is consistent with the requirements of IFRS, in so far as those requirements are applicable to the financial statements, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Company qualifies as an investment entity under IFRS10, meeting all the key characteristics in the definition of an investment company.

(b) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. The results presented in the revenue return column is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

(c) Income

Dividends receivable from equity shares are taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

The fixed returns on debt securities and non-equity shares are recognised under the effective interest rate method.

Bank interest is accounted for on an accruals basis. Interest outstanding at the year end is calculated on a time apportionment basis using market rates of interest.

(d) Written Options

The Company may write exchange-traded options with a view to generating income. This involves writing short dated covered call options and put options. The use of financial derivatives is governed by the Company's policies, as approved by the Board.

These options are recorded initially at fair value, based on the premium income received, and are measured at subsequent reporting dates at fair value. Changes in the fair value of the options are recognised in the capital return for the year.

The option premiums are recognised evenly over the life of the option and shown in the revenue return, with an appropriate amount shown in the capital return to ensure the total return reflects the overall change in the fair value of the options.

Where an option is exercised, any balance of the premium is recognised immediately in the revenue return with a corresponding adjustment in the capital return based on the amount of the loss arising on exercise of the option.

(e) Expenses and Finance Costs

All expenses, including the management fee, are accounted for on an accruals basis and are recognised when they fall due.

Expenses are allocated wholly to the revenue column of the Statement of Comprehensive Income except as follows:

Expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fees have been charged to the Statement of Comprehensive Income in line with the Board's expected long-term split of returns, in the form of capital gains and income from the Company's portfolio. As a result, 20% of the investment management fees are charged to the revenue account and 80% charged to the capital account of the Statement of Comprehensive Income.

Finance costs are calculated using the effective interest rate method and are accounted for on an accruals basis and, in line with the management fee expense, are charged 20% to the revenue account and 80% to the capital account of the Statement of Comprehensive Income.

The performance fee (when payable) is charged entirely to capital as the fee is based on the out-performance of the Benchmark and is expected to be attributable largely, if not wholly, to capital performance. A provision will be recognised when out-performance has been achieved in accordance with the calculations detailed on page 20.

(f) Taxation

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profits for the year ended 30 November 2017. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the ‘marginal basis‘. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Notes to the Financial Statements continued

For the year ended 30 November 2017

2 **Accounting Policies** continued

(f) **Taxation** continued

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Investments Held at Fair Value Through Profit or Loss

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date and are initially measured at fair value.

On initial recognition the Company has designated all of its investments as held at fair value through profit or loss as defined by IFRS. All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Written options are valued at fair value using quoted bid prices.

Contracts for Difference held in the portfolio are valued based on the price of the underlying security or index which they are purchased to reflect.

All investments, classified as fair value through profit or loss, are further categorised into the fair value hierarchy detailed on page 67.

Changes in fair value of all investments and derivatives held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using various valuation techniques, in accordance with the International Private Equity and Venture Capital ('IPEVC') Valuation Guidelines - Edition December 2015 (which superseded the previous 2012 Valuation Guidelines). These may include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to recent rounds of re-financing undertaken by investee companies involving knowledgeable parties, reference to the current fair value of another instrument that is substantially the same or an earnings multiple.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value (amortised cost) as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

(j) Dividends Payable

Dividends payable to shareholders are recognised in the financial statements when they are paid.

(k) Payables

Payables are not interest-bearing and are initially valued at fair value and subsequently stated at their nominal value (amortised cost).

(l) Foreign Currency Translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling on that date.

Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(m) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity, as a deduction, net of tax, from the proceeds.

(n) Capital Reserves

Capital reserves arising on investments sold includes:

– gains/losses on disposal of investments;

– exchange differences on currency balances; and

– other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve arising on investments held includes:

– increases and decreases in the valuation of investments held at the balance sheet date.

All of the above are accounted for in the Statement of Comprehensive Income.

(o) Repurchase of Ordinary Shares

The costs of repurchasing Ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the special distributable reserve. Share repurchase transactions are accounted for on a trade date basis.

The nominal value of Ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve.

(p) Share Issue Costs

Costs incurred directly in relation to the exercise of the subscription shares and issue of new ordinary shares, together with additional share listing costs have been deducted from the share premium reserve.

Notes to the Financial Statements continued

For the year ended 30 November 2017

2 Accounting Policies continued

(q) New and revised accounting Standards

There were no new IFRSs or amendments to IFRSs applicable to the year under review which had any significant impact on the Company's accounts.

At the date of authorisation of these financial statements, the following new IFRS that potentially impacts the Company is in issue but is not yet effective and has not been applied in these accounts:

IFRS 9 (2014) Financial Instruments, effective for periods beginning on or after 1 January 2018.

The requirements of IFRS9 and its application to the investments held by the Company were considered ahead of its adoption on 1 December 2018. All assets held by the Company are currently assessed and recorded as fair value through profit and loss. The classification of all assets remains unchanged under IFRS 9 and all figures will be directly comparable to the existing basis of valuation. All other IFRS which are in issue but which are not yet effective, have been considered and will not have a significant effect on the Company's accounts.

(r) Segmental Reporting

Under IFRS8, 'Operating Segments', operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Investment Manager (with oversight from the Board).

The Directors are of the opinion that the Company has only one operating segment and as such no distinct segmental reporting is required.

(s) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The key judgements and sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities and expenses in future periods are as follows:

Valuation of Level 3 Investments

Investments valued using valuation techniques include unlisted financial investments, which by their nature, do not have an externally quoted price based on regular trades.

The valuation techniques used may include the techniques described in note 2(g). When determining the inputs into the valuation techniques used, priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants at the balance sheet date.

3 Investment income

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
UK dividends	1,271	1,379
Overseas dividends	7,144	6,012
Scrip dividends	126	145
Interest on debt securities	1,138	1,108
Dividends on contracts for difference	78	273
Total investment income	9,757	8,917
Capital:		
Special dividends allocated to capital	8	83
Total investment income allocated to capital	8	83

4 Other operating income

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Bank interest	6	2
Total other operating income	6	2

5 Gains on investments held at fair value

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Net gains/(losses) on disposal of investments at historic cost	10,970	(868)
Less fair value adjustments in earlier years	(6,561)	(2,745)
Gains/(losses) based on carrying value at previous balance sheet date	4,409	(3,613)
Valuation gains on investments held during the year	26,362	38,374
	30,771	34,761

6 Other currency gains/(losses)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Exchange gains/(losses) on currency balances	25	(619)

Notes to the Financial Statements continued
For the year ended 30 November 2017

7 Investment management fee

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Management fee		
– charged to revenue	416	298
– charged to capital	1,665	1,191
Investment management fee payable to Polar Capital LLP.	2,081	1,489

Management fees are allocated 20% to revenue and 80% to capital. Details of the fee arrangements are given in the Strategic Report on page 20.

8 Other administrative expenses (including VAT where appropriate)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Directors' fees*	90	90
Directors' NIC	6	6
Auditors' remuneration:		
For audit services	25	25
For Taiwan tax agent fee	–	3
Taiwan tax agent fee^	3	–
Depositary fee~	33	25
Registrar fee	26	25
Custody and other bank charges~	50	37
UKLA and LSE listing fees	21	20
Legal & professional fees#	11	4
AIC fees	18	20
Directors' and officers' liability insurance	8	8
Corporate broker's fee	48	48
Marketing expenses	26	22
Shareholder communications#	20	9
HSBC administration fee	124	128
Other expenses	11	13
	520	483

* Full disclosure is given in the Directors' Remuneration Report on page 37.

^ Not paid to the Auditors.

~ Fees determined on the pre-approved rate card with HSBC.

Includes fees incurred in relation to the subscription share conversion.

9 Finance costs

	Year ended 30 November 2017			Year ended 30 November 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on loans and overdrafts	47	189	236	52	209	261
Loan arrangement fees	6	23	29	5	18	23
	53	212	265	57	227	284

Finance costs are allocated 20% to revenue and 80% to capital.

10 Tax

	Year ended 30 November 2017			Year ended 30 November 2016		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
a) Analysis of tax charge for the year:						
Overseas tax	671	–	671	555	–	555
Corporation tax	–	–	–	130	–	130
Adjustment in respect of previous year end	13	–	13	–	–	–
Tax relief in capital	266	(266)	–	283	(283)	–
Double taxation relief	–	–	–	(77)	–	(77)
Overseas capital gains tax	–	81	81	–	–	–
Total tax for the year (see note 10b)	950	(185)	765	891	(283)	608

b) Factors affecting tax charge for the year:

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	Year ended 30 November 2017			Year ended 30 November 2016		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Profit before tax	8,774	29,236	38,010	8,081	33,362	41,443
Tax at the UK corporation tax rate of 20% (2016: 20%)	585	1,949	2,534	1,616	6,672	8,288
Tax at the UK corporation tax rate of 19%* (2016: 20%)	1,111	3,703	4,814	–	–	–
Tax effect of non-taxable dividends	(1,333)	(2)	(1,335)	(1,203)	(16)	(1,219)
Gains on investments that are not taxable	–	(6,013)	(6,013)	–	(6,939)	(6,939)
Adjustment in respect of previous year end	13	–	13	–	–	–
Overseas tax suffered	671	–	671	555	–	555
Overseas capital gains tax	–	81	81	–	–	–
Tax relief on overseas tax suffered	(97)	97	–	(77)	–	(77)
Total tax for the year (see note 10a)	950	(185)	765	891	(283)	608

* The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 19.33%.

Notes to the Financial Statements continued

For the year ended 30 November 2017

10 Tax continued

c) Factors that may affect future tax charges:

The Company has no unrecognised deferred tax asset (30 November 2016: £nil) based on a prospective corporation tax rate of 17% (2016: 18%). The reduction in the standard rate of corporation tax was substantively enacted in October 2015 and effective from 1 April 2020.

Given the Company's intention to continue to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

11 Earnings per ordinary share

The calculation of basic earnings per share is based on the following data:

	Year ended 30 November 2017			Year ended 30 November 2016		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
Net profit for the year (£'000)	7,824	29,421	37,245	7,190	33,645	40,835
Weighted average ordinary shares in issue during the year ended 30 November 2017	182,294,641	182,294,641	182,294,641	172,916,257	172,916,257	172,916,257
From continuing operations						
Basic – ordinary shares (pence)	4.29	16.14	20.43	4.16	19.46	23.62

There is no dilutive effect on the earnings per ordinary share in the year under review as the subscription shares were converted into ordinary shares at the conversion date 31 July 2017 (2016: No dilutive effect as the conversion price was higher than the average ordinary share price). Further details of the subscription share conversion are given in note 18 on page 70.

12 Amounts Recognised as Distributions to Ordinary Shareholders in the Year

Dividends paid in the year ended 30 November 2017

Payment date	No of shares	Pence per share	Year ended 30 November 2017 £'000
28 February 2017	172,175,000	1.60p	2,755
31 August 2017	172,175,000	2.10p	3,616
			6,371

The revenue available for distribution by way of dividend for the year is £7,824,000 (2016: £7,190,000).

The total dividends payable in respect of the financial year ended 30 November 2017 which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, are set out below:

Payment date	No of shares	Pence per share	Year ended 30 November 2017 £'000
31 August 2017	172,175,000	2.10p	3,616
28 February 2018	202,775,000	1.80p	3,650
			7,266

The total dividends payable in respect of the financial year ended 30 November 2016 which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, are set out below:

Payment date	No of shares	Pence per share	Year ended 30 November 2016 £'000
25 August 2016	172,575,000	1.95p	3,365
28 February 2017	172,175,000	1.60p	2,755
			6,120

Notes to the Financial Statements continued
For the year ended 30 November 2017

13 Investments and derivatives

(a) Investments

	30 November 2017 £'000	30 November 2016 £'000
Cost brought forward	183,433	178,125
Valuation gains	55,930	20,301
Valuation at 1 December 2016	239,363	198,426
Additions at cost	80,143	51,385
Proceeds on disposal	(51,932)	(45,244)
Gains/(losses) on disposal	4,409	(3,613)
Amortisation on fixed interest securities	30	35
Valuation gains	26,362	38,374
Valuation at 30 November 2017	298,375	239,363
Cost at 30 November	222,644	183,433
Closing fair value adjustment	75,731	55,930
Valuation at 30 November	298,375	239,363

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	30 November 2017 £'000	30 November 2016 £'000
On acquisitions	179	137
On disposals	94	89
	273	226

(b) Fair value of open derivative contracts

	30 November 2017 £'000	30 November 2016 £'000
Ares Capital contract for difference*	–	(376)
Fair value at 30 November	–	(376)

* Contracts for difference may be held in order to increase exposure to stock movements without the financial commitment of purchasing the stock. There was no contract for difference held at year ended 30 November 2017 (2016: The total market exposure on the Ares Capital contract for difference is £3,208,000 and liability attached to this contract for difference is £3,584,000, representing an unrealised loss of £376,000).

(c) Fair value hierarchy

The Company's financial instruments within the scope of IFRS7 that are held at fair value comprise its investment portfolio and derivative financial instruments.

They are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 2(g) on page 58.

The following table sets out the fair value measurements using the IFRS7 hierarchy at 30 November 2017 and 2016:

	As at 30 November 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	274,149	–	3,191	277,340
Interest bearing securities	21,035	–	–	21,035
Total	295,184	–	3,191	298,375

The Level 3 investment is the shares in Atom Bank.

	As at 30 November 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	219,520	1,892	2,774	224,186
Interest bearing securities	15,177	–	–	15,177
Derivative financial instruments	–	(376)	–	(376)
Total	234,697	1,516	2,774	238,987

The Level 2 assets were comprised of Indiabulls Housing Finance warrants and the Ares Capital contract for difference. The only Level 3 investment was the shares in Atom Bank.

Notes to the Financial Statements continued

For the year ended 30 November 2017

13 Investments and derivatives continued

(c) Fair value hierarchy continued

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 investments at fair value through profit or loss	30 November 2017 £'000	30 November 2016 £'000
Opening balance	2,774	2,454
Additions at cost	–	320
Total gains included in the Statement of Comprehensive Income		
– on assets held at the year end	417	–
Closing balance	3,191	2,774

Level 3 investments are recognised at fair value through profit or loss on a recurring basis.

Level 3 investments are valued by comparison to recent arm's length transactions. As such, the valuation of the investment in Atom Bank reflects the price per share at which Atom Bank agreed terms with external shareholders and at which additional capital was raised during the year.

A +/- 10% change in the price used to value the investment in Atom Bank as at the year end would result in a +/- £319,000 (2016: £277,000) impact to the profit or loss.

d) Unquoted investments

The value of the unquoted investments as at 30 November 2017 was £3,191,000 (2016: £2,774,000) and the portfolio is comprised of the following holdings:

	30 November 2017 £'000	30 November 2016 £'000
Atom Bank	3,191	2,774
	3,191	2,774

At 30 November 2017, the Company owned 1.51% (2016: 3.7%) of Atom Bank's issued share capital. Atom Bank was granted a full banking licence on 4 April 2016 and started to accept savings and loan business from this date.

At 31 March 2017 (Atom Bank's financial year end), Atom Bank reported that it had made pre-tax losses of £42,212,000 (2016: £23,395,000) and had net assets attributable to shareholders of £103,946,000 (2016: £29,296,000).

14 Receivables

	30 November 2017 £'000	30 November 2016 £'000
Securities sold awaiting settlement	–	2,634
VAT recoverable	10	5
Dividends and interest receivable	733	860
Prepayments	23	38
	766	3,537

15 Cash and cash equivalents

	30 November 2017 £'000	30 November 2016 £'000
Cash at bank	4,903	3,652
Cash held at derivative clearing houses	2,328	1,588
	7,231	5,240

16 Payables

	30 November 2017 £'000	30 November 2016 £'000
Securities purchased awaiting settlement	2,805	2,623
Accruals	393	363
	3,198	2,986

17 Bank loans

The Company has the following unsecured Sterling loans:

	30 November 2017 £'000	30 November 2016 £'000
£10m at 1.4% repayable 13 July 2018	10,000	–
£10m at 1.5% repayable 16 January 2017	–	10,000
£3m at 1.5% repayable 6 March 2017	–	3,000
£2.5m at 1.7% repayable 16 January 2017	–	2,500
£2m at 1.5% repayable 28 April 2017	–	2,000
	10,000	17,500

The loan amounts have been drawn on the Company's £25 million (2016: £20 million) facility with ING Bank N.V. The facility is unsecured but is subject to covenants and restrictions which are customary for a facility of this nature, all of which have been complied with during the year. £7.5m was repaid to the facility entered into during the year. See 'About Us' on inside front cover for more information.

The bank loan is due for settlement within 12 months and is stated at its fair value, which equates to amortised cost.

The main covenants to the loan are:

(i) Total borrowings shall not exceed 35%.

(ii) The Company's minimum net asset value shall be £50m.

(iii) The Company shall not change the investment manager without the prior consent of shareholders.

(iv) The Company shall ensure that the collateral posted with CFD and derivative transaction counterparties shall not exceed an aggregate of 8% of the net asset value.

Notes to the Financial Statements continued

For the year ended 30 November 2017

18 Called up share capital

	30 November 2017 £'000	30 November 2016 £'000
Allotted, Called up and Fully paid:		
Ordinary shares of 5p each:		
Opening balance of 172,175,000 (30 November 2016: 173,700,000)	8,609	8,685
Issue of 30,600,000 (2016: nil) ordinary shares on conversion of subscription shares	1,530	–
Repurchase of nil (2016: 1,525,000) ordinary shares for cancellation	–	(76)
Allotted, Called up and Fully paid: 202,775,000 (30 November 2016: 172,175,000) ordinary shares of 5p	10,139	8,609
Subscription shares of 1p each:		
Opening balance of 30,600,000 subscription shares (30 November 2016: 30,600,00)	306	306
Conversion of 30,600,000 (2016: nil) subscription shares into ordinary shares	(306)	–
Closing balance of nil (2016: 30,600,000) subscription shares	–	306
At 30 November 2017	10,139	8,915

This reserve is not distributable.

No ordinary shares were repurchased or cancelled in the year (2016: 1,525,000 ordinary shares were repurchased and cancelled at a cost of £1,453,000).

Following the exercise of subscription shares on 31 July 2017, 30,600,000 subscription shares were converted into ordinary shares (2016: No ordinary shares were issued).

There were no subscription shares in issue as at 30 November 2017.

19 Capital redemption reserve

	30 November 2017 £'000	30 November 2016 £'000
At 1 December 2016	251	175
Repurchase of nil (2016: 1,525,000) ordinary shares for cancellation	–	76
At 30 November 2017	251	251

This reserve is not distributable.

20 Share premium reserve

	30 November 2017 £'000	30 November 2016 £'000
At 1 December 2016	21,946	21,946
Conversion of 30,600,000 (2016: nil) subscription shares	33,906	–
At 30 November 2017	55,852	21,946

This reserve is not distributable.

21 Special distributable reserve

	30 November 2017 £'000	30 November 2016 £'000
At 1 December 2016	139,235	140,688
Cost of nil (2016: 1,525,000) ordinary shares repurchased for cancellation	–	(1,453)
At 30 November 2017	139,235	139,235

Surpluses to the credit of the special distributable reserve can be used to purchase the Company's own shares. In addition the Company may use this reserve for the payment of dividends.

22 Capital reserves

	30 November 2017 £'000	30 November 2016 £'000
At 1 December 2016	51,703	18,058
Net gains/(losses) on disposal of investments	4,409	(3,613)
Valuation gains on investments held during the year	26,362	38,374
Gains on contracts for difference	309	554
Realised gain on forward FX	–	1
Special dividends allocated to capital	8	83
Exchange gains/(losses) on currency balances	25	(619)
Investment management fee	(1,665)	(1,191)
Finance costs	(212)	(227)
Overseas capital gains tax	(81)	–
Tax relief due from revenue	266	283
At 30 November 2017	81,124	51,703

The balance on the capital reserve represents a profit of £75,007,000 (2016 £55,205,000) on investments held and a gain of £6,117,000 (2016: loss of £3,502,000) on investments sold.

The balance on investments held comprises holding gains on investments (which may be deemed to be realised and other amounts, which are unrealised. An analysis has not been made between the amounts that are realised (and may be distributed or used to repurchase the Company's shares) and those that are unrealised.

The balance on investments sold are realised distributable capital reserves which may be used to repurchase the Company's shares or be distributed as dividends.

Notes to the Financial Statements continued

For the year ended 30 November 2017

23 Revenue reserve

	30 November 2017 £'000	30 November 2016 £'000
At 1 December 2016	5,238	3,801
Revenue profit	7,824	7,190
Interim dividends paid	(6,371)	(5,753)
At 30 November 2017	6,691	5,238

The revenue reserve may be distributed or used to repurchase the Company's shares (subject to being a positive balance).

24 Net asset value per ordinary share

	30 November 2017	30 November 2016
Undiluted:		
Net assets attributable to ordinary shareholders (£'000)	293,292	227,288
Ordinary shares in issue at end of year	202,775,000	172,175,000
Net asset value per ordinary share (pence)	144.64	132.01
Diluted:		
Net assets attributable to ordinary shareholders (£'000)	293,292	262,478
Ordinary shares in issue at end of year	202,775,000	202,775,000
Net asset value per ordinary share (pence)	144.64	129.44

During the year, 30,600,000 subscription shares were converted into ordinary shares at 115p per share.

There is no dilutive effect on the net asset value per ordinary share as no potentially dilutive shares were in issue as at 30 November 2017. (2016: The diluted NAV per ordinary share has been calculated on the assumption that 30,600,000 subscription shares in issue are fully converted at 115 pence per share).

25 Transactions with the investment manager and related party transactions

(a) Transactions with the manager

Under the terms of an agreement dated 11 June 2013 the Company has appointed Polar Capital LLP ('Polar Capital') to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Strategic Report. The total fees paid under this agreement to Polar Capital in respect of the year ended 30 November 2017 were £2,081,000 (2016: £1,489,000) of which £197,000 (2016: £143,000) was outstanding at the year end.

(b) Related party transactions

The Company has no employees and therefore no key management personnel other than the Directors. The Company paid £90,000 (2016: £90,000) to the Directors of which £25,000 (2016: £25,000) is outstanding at the year end and the Remuneration Report is on pages 35 to 38. When dividends are paid by the Company these are received by the Directors at the same rates and terms as all other shareholders.

26 Derivatives and Other Financial Instruments

Risk management policies and procedures for the Company

The Company invests in equities, debt securities and other financial instruments for the long-term to further the investment objective set out on page 14.

This exposes the Company to a range of financial risks that could impact on the assets or performance of the Company.

The main risks arising from the Company's pursuit of its investment objective are market risk, liquidity risk and credit risk and the Directors' approach to the management of them is set out below.

The Company's exposure to financial instruments can comprise:

– Equity and non-equity shares and fixed interest securities which may be held in the investment portfolio in accordance with the investment objective.

– Borrowings, the main purpose of which is to enhance returns.

– Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

– Derivative transactions which the Company enters into may include equity or index options, contracts for difference, index futures contracts, and forward foreign exchange contracts. The purpose of these is to manage the market price risks and foreign exchange risks arising from the Company's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the Investment Manager co-ordinate the risk management and the Investment Manager assesses the exposure to market risk when making each investment decision.

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 26(a)(i)), currency risk (see note 26(a)(ii)), and interest rate risk (see note 26(a)(iii)). Further details are included in the Strategic Report on page 17.

(i) Market Price Risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. Consequently market price risk is the most significant risk that the Company faces.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

A detailed breakdown of the investment portfolio is given on pages 10 to 12. Investments are valued in accordance with the accounting policies as stated in note 2(g).

At the year end, there is no derivative instrument included in the Company's portfolio (2016: one), as shown in note 13(b).

Notes to the Financial Statements continued

For the year ended 30 November 2017

26 Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(i) Market Price Risk *continued*

Management of the risk

In order to manage this risk it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular financial sub sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of options, are additional factors which act to reduce price risk. The Investment Manager actively monitors market prices and reports to the Board, which meets regularly in order to consider investment strategy.

Market price risk exposure

The Company's exposure to changes in market prices at 30 November on its investments was as follows:

	30 November 2017 £'000	30 November 2016 £'000
Investments held at fair value through profit or loss	298,375	239,363
Derivative financial instruments held at fair value through profit or loss	–	3,208
	298,375	242,571

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% (2016: 15%) in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends. The sensitivity analysis is based on the Company's investments at each balance sheet date, adjusting for a change in management fee, with all other variables held constant.

	30 November 2017		30 November 2016	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax				
Revenue return	(76)	76	(61)	61
Capital return	44,452	(44,452)	36,138	(36,138)
Change to the profit after tax for the year	44,376	(44,376)	36,077	(36,077)
Change to equity attributable to shareholders	44,376	(44,376)	36,077	(36,077)

(ii) Currency Risk

The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and revenue are denominated in currencies other than Sterling.

Management of the risk

The Investment Manager mitigates risks through an international spread of investments.

Derivative contracts may be used to hedge against the exposure to currency risk at the Investment Manager's discretion.

Foreign currency exposure

The table below shows, by currency, the split of the Company's monetary assets, liabilities and investments that are priced in currencies other than Sterling.

	30 November 2017 £'000	30 November 2016 £'000
Monetary Assets:		
Cash and short-term receivables		
Japanese yen	814	79
US dollars	505	1,413
Taiwan dollars	427	314
Euros	201	137
Norwegian krona	28	8
Indian rupee	–	1,757
Singapore dollars	–	4
Monetary Liabilities:		
Payables		
US dollar	(2,068)	–
Japanese yen	(737)	–
Indian rupee	–	(2,622)
Foreign currency exposure on net monetary items	(830)	1,090
Non-Monetary Items:		
Investments held at fair value through profit or loss		
US dollars	126,689	100,966
Euros	56,148	40,761
Singapore dollars	11,601	9,721
Hong Kong dollars	10,784	9,114
Indian rupee	7,012	5,883
Norwegian krona	6,699	4,532
Swedish krone	6,556	5,619
Canadian dollars	5,965	4,730
Japanese yen	5,630	3,690
Australian dollars	4,398	4,037
Swiss francs	4,085	2,349
Thai baht	3,479	2,001
Taiwan dollars	3,335	3,077
Brazilian real	1,853	1,619
Total net foreign currency exposure	253,404	199,189

Notes to the Financial Statements continued

For the year ended 30 November 2017

26 Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(ii) Currency Risk *continued*

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at the balance sheet date and assumes a 15% (2016: 15%) appreciation or depreciation in Sterling against the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If Sterling had weakened by 15% this would have had the following effect:

	30 November 2017 £'000	30 November 2016 £'000
Statement of Comprehensive Income – profit after tax		
Revenue return	1,040	899
Capital return	(125)	164
Change to the profit after tax for the year	915	1,063
Change to equity attributable to shareholders	915	1,063

Conversely if Sterling had strengthened by 15% this would have had the following effect:

	30 November 2017 £'000	30 November 2016 £'000
Statement of Comprehensive Income – profit after tax		
Revenue return	(1,040)	(899)
Capital return	125	(164)
Change to the profit after tax for the year	(915)	(1,063)
Change to equity attributable to shareholders	(915)	(1,063)

In the opinion of the Directors, while these are regarded as reasonable estimates, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

(iii) Interest Rate Risk

The Company will be affected by interest rate changes as it holds interest-bearing financial assets. Interest rate changes will also have an impact on the valuation of investments, although this forms part of price risk, which is considered separately above.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Derivative contracts may be used to hedge against the exposure to interest rate risk at the Investment Manager's discretion.

Interest rate exposure

The exposure, at 30 November 2017, of financial assets and liabilities to interest rate risk is shown by reference to:

– Floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set; and

– Fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

	30 November 2017		
	Within one year £'000	**More than one year £'000**	**Total £'000**
Exposure to floating interest rates:			
Cash and cash equivalents	7,231	–	7,231
Non-current asset investments held at fair value through profit or loss	–	15,538	15,538
Exposure to fixed interest rates:			
Non-current asset investments held at fair value through profit or loss	–	5,497	5,497
Bank loans	(10,000)	–	(10,000)
Total exposure to interest rates	(2,769)	21,035	18,266

	30 November 2016		
	Within one year £'000	**More than one year £'000**	**Total £'000**
Exposure to floating interest rates:			
Cash and cash equivalents	5,240	–	5,240
Non-current asset investments held at fair value through profit or loss	–	8,847	8,847
Exposure to fixed interest rates:			
Non-current asset investments held at fair value through profit or loss	–	6,330	6,330
Bank loans	(17,500)	–	(17,500)
Total exposure to interest rates	(12,260)	15,177	2,917

The weighted average interest rate for the fixed rate financial assets was 6.3% (30 November 2016: 6.5%) and the effective period for which the rate was fixed was 4.4 years (30 November 2016: 4.9 years).

During the year the Company agreed a £25 million (2016: £20 million) loan facility with ING Bank N.V.. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. Details of the amounts drawn on this facility as at 30 November 2017, and the interest rates applying, are given in note 17.

The above amounts are not necessarily representative of the exposure to interest rates in the year ahead, as the level of cash and investment in fixed interest securities varies during the year according to the performance of the stock market, events within the wider economy and the Investment Manager's decisions on the best use of cash or borrowings over the year.

Notes to the Financial Statements continued

For the year ended 30 November 2017

26 Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(iii) Interest Rate Risk *continued*

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 25 basis points in interest rates in regard to the Company's monetary financial assets, which are subject to interest rate risk. This level of change is considered to be reasonably possible based on observation of current market conditions.

The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant.

	30 November 2017		30 November 2016	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	18	(18)	13	(13)
Effect on capital return	–	–	–	–
Effect on net profit and on equity attributable to shareholders	18	(18)	13	(13)

In the opinion of the Directors, the above sensitivity analyses may not be representative of the year as a whole, since the level of exposure may change.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

At 30 November the financial liabilities comprised of:

	30 November 2017 £'000	30 November 2016 £'000
Due within 1 month:		
Balances due to brokers	2,805	2,623
Accruals	393	363
Due after 3 months and within 1 year:		
Bank loan	10,000	17,500
Corporation tax	-	53
	13,198	20,539

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

The Company manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties.

HSBC Bank plc is the custodian of the Company's assets. The Company's assets are segregated from HSBC's own trading assets and are therefore protected in the event that HSBC were to cease trading.

These arrangements were in place throughout the year under review.

Credit risk exposure

The maximum exposure to credit risk at 30 November 2017 was £7,964,000 (2016: £8,734,000) comprising:

	30 November 2017 £'000	30 November 2016 £'000
Balances due from brokers	–	2,634
Accrued Income	733	860
Cash and cash equivalents	7,231	5,240
	7,964	8,734

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered low. None of the Company's financial assets are past due or impaired. All deposits were placed with banks that had ratings of A or higher.

(d) Gearing Risk

The Company's policy is to increase its exposure to markets through the judicious use of borrowings. When borrowings are invested, the impact is to magnify the impact on Shareholder's funds of changes, both positive and negative, in the value of the portfolio.

Management of the risk

The Company uses short-term loans to manage gearing risk, details of which can be found in note 17.

Gearing risk exposure

The loans are valued at amortised cost, using the effective interest rate method in the financial statements.

Notes to the Financial Statements continued

For the year ended 30 November 2017

26 Derivatives and Other Financial Instruments continued

(e) Capital Management Policies and Procedures

The Company's capital, or equity, is represented by its net assets which amounted to £293,292,000 as at 30 November 2017 (£227,288,000 as at 30 November 2016), which are managed to achieve the Company's investment objective set out on page 14.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

(i) the need to issue or buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium)

(ii) the determination of dividend payments and

(iii) the planned level of gearing through the Company's fixed rate loan facility.

The Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company. In addition, in order to pay dividends out of profits available for distribution the Company must meet one of the two capital restriction tests imposed on investment companies by company law.

27 Capital Commitments, Contingent Assets and Liabilities

Capital Commitments

The Company has no commitments to further investment in Atom Bank (2016: £nil).

The Alternative Investment Fund Manager's Report

The Alternative Investment Fund Managers Directive ('AIFMD') is a European Union Directive that entered into force on 22 July 2013, with a 12 month transitional period allowing firms to comply with the directive by 22 July 2014. The Directive was agreed by the European Parliament and the Council of the European Union and transposed into UK legislation. The AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ('AIFs') and requires them to appoint an Alternative Investment Fund Manager ('AIFM') and Depositary to manage and oversee the operations of the investment vehicle. The Board of the AIF retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Polar Capital LLP was appointed as the Alternative Investment Fund Manager to the Polar Capital Global Financials Trust plc ('AIF') on 22 July 2014. The AIF and the AIFM are required to make certain disclosures to investors in the AIF on a periodic basis under the AIFMD. In addition to the periodic disclosures listed below, supplemental information is set out in the Investor Disclosure Document which is available on the AIF website or from Polar Capital LLP, 16 Palace Street, London SW1E 5JD.

The periodic disclosures to investors are:

- Information about the investment strategy, geographic and sector investment focus and principal stock exposures of the AIF;

  These are included within the Strategic Report which includes the portfolio of all positions at 30 November 2017.

- Notification of any of the AIF's assets that are subject to special arrangements arising from their illiquid nature;

  There is one position in the portfolio that is subject to special arrangements arising from its illiquid nature. This is a position in Atom Bank which the AIFM's Valuation Committee have agreed there should be no change in valuation as there has been no new information to justify a change.

- Risk disclosures about the profile and risk management processes in place;

  These are set out in the Strategic Report and in Note 26 to the Financial Statements. There have been no changes to the risk management processes in the period under review and there have been no breaches to the risk limits set. No breaches are anticipated.

- Liquidity management;

  There are no new arrangements for the management of liquidity of the AIF or any material changes to the liquidity management systems and procedures employed by the AIFM.

- Remuneration disclosures;

  During the AIFM's financial year between 1 April 2016 and 31 March 2017, the total remuneration paid by the AIFM to its staff attributable to the Fund was £720,000. Within such figure, the proportion of the fixed remuneration of the AIFM's staff attributable to the Fund was £245,000 and the proportion of the variable remuneration of the AIFM's staff attributable to the Fund was £475,000. No performance fee was paid to staff by the Fund during the financial year.

  During the AIFM's financial year, the aggregate amount of remuneration paid to the senior management of the AIFM was £1,960,000 and the aggregate amount of remuneration paid to members of staff, including senior management, whose actions had a material impact on the risk profile of the Fund was £5,230,000. For the purposes of identifying the members of the AIFM's staff whose actions had a material impact on the risk profile of the Fund, the AIFM has conducted an assessment that it believes to be consistent with certain guidance published by the European Securities and Markets Authority (ESMA/2013/201).

- Leverage disclosure;

  Leverage is disclosed in accordance with the AIFMD in the Shareholder Information below. There were no breaches to the leverage restrictions over the year.

- Depositary disclosure;

  The AIF and the AIFM have appointed HSBC Bank plc as depositary to the AIF. The role of the depositary is to oversee the operations of the investment vehicle including safekeeping, cash monitoring and verification of ownership and valuation.

The Alternative Investment Fund Manager's Report continued

Leverage

Under the AIFMD it is necessary for AIFs to disclose their leverage in accordance with the prescribed calculations of the directive. Leverage is often used as another term for gearing which is included within the Strategic Report. Under the AIFMD there are two types of leverage that the AIF is required to set limits for, monitor and periodically disclose to investors. The two types of leverage calculations defined are the gross and commitment methods. These methods summarily express leverage as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. The commitment method nets off derivative instruments, while the gross method aggregates them.

The limits that have been set for the investment policy of the AIF under the directive have been disclosed below and accommodate the maximum level of leverage conceivable and do not reflect a level of leverage that is to be expected in the foreseeable future.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the AIF through non-fully funded exposure to underlying markets or securities.

Leverage is considered in terms of the AIF's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the AIF is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Polar Capital is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the AIF, expressed as the ratio between the total exposure of the AIF and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the AIF requires the calculation to:

- include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities;
- exclude cash and cash equivalents which are highly liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- include the risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- include derivative instruments which are converted into the equivalent position in their underlying assets;
- exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable.

Exposure values under the commitment method are calculated on a similar basis to the above, but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The table below sets out the current maximum permitted limit and actual level of leverage for the AIF:

	As a percentage of net assets	
	Gross Method	Commitment Method
Maximum Leverage Limit*	200%	200%
Actual Leverage Level 30 November 2017	101.9%	101.9%

* This leverage limit should not be confused with gearing which is calculated under the traditional method set out by the Association of Investment Companies. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

There have been no breaches to the maximum limits set out above since the introduction of these limits on 22 July 2014.

B K Tomlinson Cann
Polar Capital LLP
Chief Legal & Compliance Officer
7 February 2018

All references to 'the AIF' and 'the Fund' in the above report are to 'the Company'.

Alternative Investment Fund Managers Directive Disclosures
Statement by Depositary

The Directors
Polar Capital Global Financials Trust plc (the Company)

Statement of the Depositary's Responsibilities in Respect of the Company and Report of the Depositary to the Shareholders of the Company for the year ended 30 November 2017.

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ('the Sourcebook'), the Alternative Investment Fund Managers Directive ('AIFMD') (together 'the Regulations') and the Company's Articles of Association.

The Depositary must, in the context of its role, act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of the assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;

Alternative Investment Fund Managers Directive Disclosures continued

Statement by Depositary

- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- that the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Articles of Association in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Articles of Association of the Company and as required by the AIFMD.

HSBC Bank plc

7 February 2018

Investing

PRIIPS KID

The Packaged Retail and Insurance-based Investment Products (PRIIPS) regulations came into force on 3 January 2018 and requires the manufacturer of a retail product to publish a Key Information Document (KID) for consideration by investors and potential investors. The KID has prescribed content and a formulaic approach. The KID is available on the Trust's website; it should be noted that calculations are based purely on historical data and contain no judgemental analysis of the Board or Manager. It is strongly recommended that the KID is not looked at in isolation but is read in conjunction with other documents published by the Trust.

Market Purchases

The ordinary shares of Polar Capital Global Financials Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary. The subscription shares ceased to be listed or traded on the London Stock Exchange following the conversion date of 31 July 2017.

Share Dealing Services

The Company has arranged for Shareview Dealing, a telephone and Internet share sale service offered by Equiniti to be made available.

For telephone sales call 0800 876 6889 (or +44 121 415 7047) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

For Internet sales log on to www.shareview.co.uk/dealing.

There are a variety of ways to invest in the Company, however, these will largely depend on whether you would like financial advice or are happy to make your own investment decisions.

For those investors who would like advice:

Private Client Stockbrokers

Investors with a large lump sum to invest may want to contact a private client stockbroker. They will manage a portfolio of shares on behalf of a private investor and will offer a personalised service to meet an individual's particular needs. A list of private client stockbrokers is available from the Wealth Management Association at www.thewma.co.uk.

Financial Advisers

For investors looking to find a financial adviser, please visit www.unbiased.co.uk.

Financial Advisers who wish to purchase shares for their clients can also do so via a growing number of platforms which offer investment trusts, including Alliance Trust Savings, Ascentric, Nucleus, Raymond James, Seven IM and Transact.

For those investors who are happy to make their own investment decisions:

Online Stockbroking Services

There are a number of real time execution only stockbroker services which allow private investors to trade online for themselves, manage a portfolio and buy UK listed shares. Online stockbroking services include Alliance Trust Savings, Barclays Stockbrokers, Halifax Share Dealing, Hargreaves Lansdown, Selftrade and TD Waterhouse.

Investing Risks

Please remember that any investment in the shares of Polar Capital Global Financials Trust plc either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from it may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Global Financials Trust plc is allowed to borrow against its assets and this may increase losses triggered by a falling market. However, the Company may increase or decrease its borrowing levels to suit market conditions.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Polar Capital Global Financials Trust plc is an investment trust and as such its ordinary shares are excluded from the FCA'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.

Other information

Disability Act

Copies of this Annual Report and Financial Statements or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either in Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Equiniti Limited, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

Nominee Shareholders

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings when invited by the Chairman.

Subscription Shares

Subscription Shares

Polar Capital Global Financials Trust plc issued subscription shares on 1 July 2013 on the basis of one subscription share for every five ordinary shares. The subscription shares were admitted to trading on the London Stock Exchange on 1 July 2013. The subscription shares ceased trading following the conversion date of 31 July 2017.

Subscription Shares Tax Implications

The base 'cost' for UK tax purposes of the subscription shares will be a proportion of the issue price paid for the ordinary shares to which the subscription shares were attached. The apportionment is made by reference to the respective market values of the ordinary shares and subscription shares at the close of business on 1 July 2013, the day the ordinary and subscription shares were admitted to trading. The market values for UK tax purposes of the Company's ordinary shares and subscription shares on such date were as follows:

Ordinary shares:	103.625p
Subscription shares:	11.75p

Following the exercise of the rights attaching to your subscription shares, the resulting ordinary shares are treated for UK tax purposes as the 'same' asset as the subscription shares in respect of which the subscription rights were exercised. The base 'cost' for UK tax purposes of the resulting ordinary shares is the base cost attributed to the exercised subscription shares, increased by the amount of subscription monies paid.

Capital Gains Tax

Information on Capital Gains Tax is available on the HM Revenue & Customs website at www.hmrc.gov.uk/cgt/index.htm

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares disposed and any other allowable deductions such as share dealing costs. The exercise of a right of a subscription shareholder to subscribe for ordinary shares should not give rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances. Shareholders are advised to consult their personal financial adviser for further information regarding a possible tax liability in respect of their shareholdings.

The Company was launched on 1 July 2013 with the issue of ordinary shares at 100 pence per share with subscription shares attached (on a one for five basis).

The Subscription Share section provides further information regarding the calculation of the base cost of Subscription Shares for Capital Gains Tax purposes.

Warnings to Investors and Shareholders

As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.

Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent it does, it may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Boiler Room Scams

Shareholders may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation;
- Check that they are properly authorised by the FCA before getting involved by visiting http://www.fca.org.uk/register/;
- Report the matter either by calling the FCA on 0845 606 1234 or visiting http://www.fca.org.uk/consumers/scams; and
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Company Information

Company Registration Number

8534332 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Directors

Robert Kyprianou, Chairman
Joanne Elliott
Katrina Hart

Investment Manager and AIFM

Polar Capital LLP
16 Palace Street
London
SW1E 5JD

Authorised and regulated by
the Financial Conduct Authority.
Telephone: 020 7227 2700
Website: www.polarcapital.co.uk

Fund Managers

Mr Nick Brind and Mr John Yakas

Company Secretary

Polar Capital Secretarial Services Limited
represented by Tracey Lago

Registered Office and Contact Address for Directors

16 Palace Street
London
SW1E 5JD

Independent Auditors

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Atria One
144 Morrison Street
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EH3 8EX

Solicitors

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2HS

Depositary, Bankers and Custodian

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Identification Codes

Ordinary shares
SEDOL: B9XQT11
ISIN: GB00B9XQT119
TICKER: PCFT
GIIN: 8KP5BT.99999.SL.826
LEI: 549300G5SWN8EP2P4U41

Registrar

Shareholders who have their shares registered in their own names, not through a share savings scheme or ISA, can contact the registrars with any queries regarding their holding. Post, telephone and internet contact details are given below.

In correspondence, you should refer to Polar Capital Global Financials Trust plc, stating clearly the registered name and address and, if available, the account number.

Equinti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Shareholder helpline: 0800 313 4922
(or +44 121 415 7047) www.shareview.co.uk

Corporate Broker

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Electronic Communications

If you hold your shares in your own name, you can choose to receive communications from the Company in electronic format. This method reduces costs, is environmentally friendly and, for many, is convenient too.

If you would like to take advantage of Electronic Communications, please visit our registrar's website at www.shareview.co.uk and register. You will need your shareholder reference number. If you agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post, you will receive an e-mail providing the website address where the documents can be viewed and downloaded.

Paper copies will still be available on request.

Company Website

www.polarcapitalglobalfinancialstrust.com

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the Investment Manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can also be obtained from various different sources including:

www.theaic.co.uk
www.ft.com/markets
www.londonstockexchange.co.uk

Share Prices and Net Asset Value

The Company's net asset value (NAV) is normally released daily, on the next working day following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange Website:

www.londonstockexchange.co.uk

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service www.theaic.co.uk.

aic

The Company is a member of the Association of Investment Companies ('AIC') and the AIC website www.theaic.co.uk contains detailed information about investment trusts including guides and statistics.

Forward-Looking Statements

Certain statements included in this Annual Report and Financial Statements contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report Section on pages 16 to 18 of this Annual Report and Financial Statements.

No part of this Annual Report and Financial Statements constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Financials Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision.

The Company undertakes no obligation to update any forward-looking statements.

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