Polar Capital Global Financials Trust plc

Trust Fact Sheet
31 July 2018

Trust Facts

Ordinary Shares

Share Price	137.00p
NAV per share	146.57p
Premium	-
Discount	-6.53%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£297.2m
AIC Gearing Ratio	1.21%
AIC Net Cash Ratio	0.00%

Historic Yield (%) **2.96**

Dividends (p/share)

August 2018 (declared)	2.25
February 2018 (paid)	1.80
August 2017 (paid)	2.10
February 2017 (paid)	1.60

Benchmark [4]

MSCI World Financials + Real Estate Net Total Return Index

Fees [2, 3]

Management	0.85%
Performance	10%
Ongoing Charges	1.02%

Risk Warning
Your capital is at risk. You may not get back the full amount you invested. Please note the Important Information at the end of this document and the Investment Policy and full Risk Warnings set out in the Prospectus, Annual Report and/or Investor Disclosure Document.

Discount Warning
The shares of investment trusts may trade at a discount or a premium to Net Asset Value for a variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

Subscription shares will have a dilutive effect on ordinary shares when the Net Asset Value (NAV) is greater than the conversion price.

Company Profile

Investment Objective

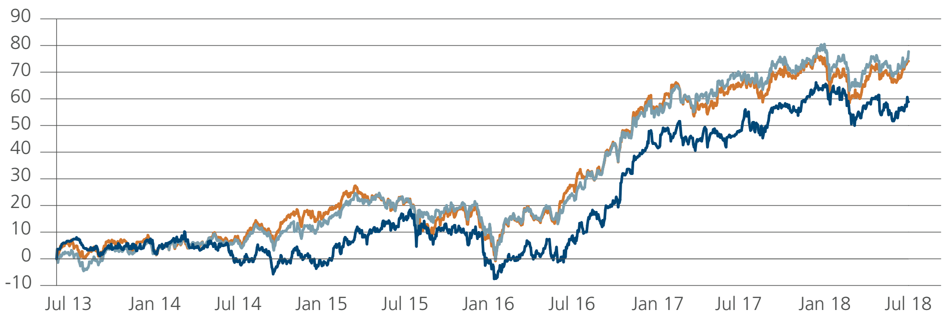
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

Investment Policy

The Company will seek to achieve its objective by investing primarily in a global portfolio consisting of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors.

Performance

Performance Since Launch (%)



	1 Month	3 Months	6 Months	1 Year	Since Launch
Ordinary Share Price (TR) [5]	4.34	1.31	-4.04	7.27	58.88
NAV (undiluted per Share) (TR)	4.99	3.58	0.19	5.51	77.75
Benchmark [4]	4.47	4.51	1.11	5.88	74.14

Discrete Performance (%)

	30/11/17 31/07/18	30/11/16 30/11/17	30/11/15 30/11/16	28/11/14 30/11/15	29/11/13 28/11/14
Ordinary Share Price (TR) [5]	2.04	16.66	21.43	6.22	-2.14
NAV per Share (TR)	4.20	16.40	22.17	5.23	9.86
Benchmark [4]	3.20	14.20	24.47	0.88	10.98

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP. The Trust was launched on 1 July 2013. The Net Asset Value (NAV) as at 1 July 2013 was 98.0p per ordinary share based on the subscription price of 100.0p per ordinary share and launch costs of 2.0p per ordinary share. Past performance is not indicative or a guarantee of future results. The share price performance is adjusted for dividends paid out.

1. Gearing calculations are exclusive of current year revenue.
2. The performance fee is on any outperformance over a hurdle of the index +1.25 pence per annum. Further details can be found in the Report and Accounts and Prospectus.
3. Ongoing charges calculated at the latest published year end date, excluding any performance fees.
4. As of August 2016, the MSCI removed Real Estate as a constituent from the MSCI World Financials Index. Benchmark data above illustrates linked performance of the MSCI World Financials Index prior to August 2016 and MSCI World Financials + Real Estate Net Total Return Index since August 2016 to present.
5. Ordinary share price (TR) does not take into account returns shareholders would have received from the subscription shares that they were issued with at launch. Please note that the subscription shares issued at the time of launch were subject to a single exercise date being 31 July 2017.

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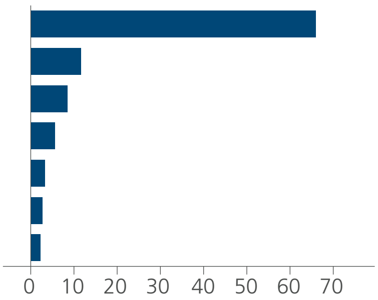
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 July 2018

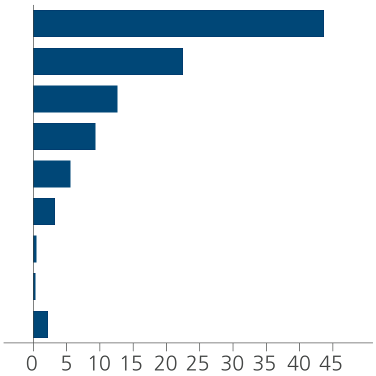
Sector Exposure (%)

Banks	66.0
Insurance	11.7
Diversified Financials	8.5
Fixed Income	5.6
Real Estate	3.3
Software & Services	2.7
Cash	2.2



Geographic Exposure (%)

North America	43.6
Europe	22.5
Asia Pac (ex-Japan)	12.6
UK	9.4
Fixed Income	5.6
Japan	3.3
Eastern Europe	0.5
Latin America	0.3
Cash	2.2



Top 15 Holdings (%)

JPMorgan	5.4
Bank of America	4.4
Wells Fargo	3.5
Chubb	2.8
Citigroup	2.7
Mastercard	2.7
ING Groep	2.6
Sumitomo Mitsui Financial	2.4
Marsh & McLennan	2.2
Toronto-Dominion	2.1
KBC Groep	2.1
Arch Capital	2.1
BNP Paribas	2.0
PNC	2.0
Sampo	2.0
Total	**41.0**

Total Number of Positions 69

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	81.5
Medium (US$ 0.5bn - 5bn)	16.3
Small (less than US$ 0.5bn)	2.2

Investing in the Trust and Shareholder Information

Trust Characteristics

Launch Date	01 July 2013
Year End	30 November
Half Year End	31 May
Results Announced	Late Jan/Feb
Next AGM	April 2019
Trust Term	Fixed life to May 2020
Listed	London Stock Exchange

Market Purchases

The ordinary shares are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Corporate Contacts

Registered Office and Website

16 Palace Street, London SW1E 5JD
www.polarcapitalglobalfinancialstrust.co.uk

Custodian

HSBC Plc is the Depositary and provides global custody of all the company's investments

Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
www.shareview.co.uk

Codes

Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis.

It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Note: Totals may not sum due to rounding.

Fund Manager Comments

As at 31 July 2018

Financials jumped sharply in July, outperforming underlying equity markets in part on the back of rising bond yields and a degree of rotation out of momentum stocks into some of the more value-oriented parts of the market. Despite the better performance, financials are still the second worst performing sector year to date and are still lower than where they were at the beginning of the year before adjusting for currency movements.

Against this background the Trust's net asset value rose 5% over the month compared to our benchmark index, the MSCI World Financials + Real Estate Index, which rose by 4.3% (in sterling terms). The strongest performers were our holdings in JP Morgan, Bank of America and Chubb. Not surprisingly, with the strength of financial markets there were very few holdings that fell over the month but those that did included Cielo, Meta Financial Group and Tisco Financial Group.

Chubb, one of the largest listed property & casualty insurance companies globally, announced a solid set of results which helped sentiment, albeit results from some of its peers have been mixed. We highlighted the anomalously weak performance of property & casualty insurance sector this year and therefore we are not surprised they have bounced. Conversely, Cielo was weaker on the back of competition concerns.

The US bank Q2 results' season has just finished and overall there were few surprises with trends unchanged. Net interest margins continue to rise, although there is considerable divergence as to the extent of the rise. SVB Financial Group, for example, which we hold, has benefited from a material (34bps) increase year-on-year of around three times what the average US bank is seeing. Loan growth has remained tepid, but according to data from the Federal Reserve it has encouragingly picked up to 7.8% in June from between 2-3% in the first five months of the year.

There was also improvement in cost/income ratios across the board. After many years of banks seeing no benefit from cutting branches and staff numbers (as offset by higher compliance and technology costs), if this continues it will be well received by the market. Finally, there is little evidence US banks are seeing any deterioration in asset quality in their loan books while capital positions remain strong so consequently dividends and buy-backs continue to grow.

European financials marginally underperformed during the month continuing a trend seen in the first half of the year with sentiment affected by a rollover in macro data combined with elevated political risk. Headline eurozone inflation rose to 2.1% in July on the back of higher energy prices but given weaker growth trends, trade uncertainty and core inflation at 1.1%, the ECB is expected to retain its dovish stance.

European bank results (over half have now reported Q2 results) continue to benefit from lower loan loss provisions as asset quality improves but, in contrast to previous quarters, they also beat expectations on pre-provision profit with core revenues supported by a pickup in loan growth. However, the consequence of the stronger loan growth is that the higher risk-weighted assets associated with this has led to capital ratios not rising as much as expected in the quarter.

Following the pullback in the sector so far this year, valuations have fallen by high single digits to low double-digit percentages when looking at P/E multiples. For example, US, European and Japanese banks trade on PE multiples of 12.8x, 10.7x and 9.7x respectively for 2018 estimates using Bloomberg data versus 13.9x, 11.6x and 11x at the beginning of the year. Valuations have also fallen relative to underlying equity markets in the US and Europe when looking at the change in P/E multiples for the S&P 500 and STOXX Europe 600.

The gap in ratings is even larger when looking at price-to-book multiples with the US trading on 1.5x versus 0.9x and 0.6x for European and Japanese banks respectively, reflecting the higher profitability and better growth prospects of US banks. Forecast return on equity for US banks is 11% and for European and Japanese banks it is 9% and 6%, the latter two depressed by the lower interest rate environment prevalent in their banking markets which has reduced profitability. Against these statistics, the Trust's banks portfolio is trading on 12x PE and a 1.25x price-to-book ratio with a forecast ROE of 12%.

With a significant exposure to the US, and in the context of the material outperformance of US financials over other financials' markets, at some point investors will look elsewhere. Emerging markets are the natural focus since they have recently sold off and are offering both growth and value attributes. However, in the face of a rising US dollar, trade tension between the US and China and evidence of slowing export growth and rising interest rates to defend currencies, we believe it remains too early to increase our exposure. Our largest exposure remains to India, where the performance of the private retail-focused banks continues to be exceptionally good, albeit already fully reflected in valuations.

We continue to take the view that investors are being too cautious on the sector although against a softening outlook for growth it is understandable in the short term. US banks are in good health both in terms of their balance sheets but also in terms of their ability to return capital to shareholders. Although Europe is behind the curve, again banks' capital positions are constantly improving and so the high dividend yields should provide a floor to share prices following the pullback this year.

Nick Brind & John Yakas

8 August 2018

Fund Managers

Nick Brind

Fund Manager

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

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 30 years of industry experience.

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Benchmarks The following benchmark index is used: MSCI World Financials + Real Estate Net Total Return Index. This benchmark is generally considered to be representative of the Financial Equity universe. This benchmarks is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to www.msci.com for further information on these indices. Comparisons to benchmarks have limitations as benchmark's volatility and other material characteristics may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Fund may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Fund may incur. The performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund is similar to indices in composition or risk. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

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