

## Trust Fact Sheet

31 January 2017



### Trust Facts

#### Ordinary Shares

Share Price	129.25p
NAV (undiluted) per share	138.89p
NAV (diluted) per share	135.28p
Premium	-
Discount	-6.94%
Capital	172,175,000 shares of 25p

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

Share Price	11.75p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

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

Total Net Assets	£239.1m
AIC Gearing Ratio	5.51%
AIC Net Cash Ratio	0.00%

**Historic Yield (%) 2.57**

#### Dividends (p/share)

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

#### Benchmark<sup>4</sup>

MSCI World Financials Index

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

Management	0.85%
Performance	10%

#### Risk Warning

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

#### Discount Warning

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

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

## Company Profile

### Investment Objective

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

### Investment Policy

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

## Performance

### Performance Since Launch (%)



	1 Month	3 Months	6 Months	1 Year	Since Launch
■ Ordinary Share Price (TR)	0.68	16.18	32.86	43.24	41.56
■ NAV (undiluted per Share) (TR)	0.47	8.23	24.76	36.39	54.13
■ MSCI World Financials Index TR <sup>4</sup>	0.39	11.14	26.03	43.75	60.40
■ MSCI ACWI Fin + Real Estate Index <sup>4</sup>	0.47	7.21	20.64	39.85	50.73

### Discrete Performance (%)

	30/11/16 31/01/17	30/11/15 30/11/16	28/11/14 30/11/15	29/11/13 28/11/14	01/07/13 29/11/13
Ordinary Share Price (TR)	6.05	21.43	6.22	-2.14	5.75
NAV per Share (TR)	5.18	22.17	5.23	9.86	3.75
MSCI World Financials Index TR	5.52	28.04	0.88	10.98	6.03

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

- For full details of the subscription shares and their exercise terms please refer to the Prospectus and the notes of the Company's website. Each share confers the right to subscribe for 1 Ordinary share at 115p on 31 July 2017.
- Gearing calculations are exclusive of current year revenue.
- The performance fee is on any outperformance over a hurdle of the index +1.25% per annum. Further details can be found in the Report and Accounts and Prospectus.
- MSCI ACWI Financial + Real Estate Index (£ adjusted) has been used for illustrative purposes only as a comparator of the Financial plus Real Estate sector. The MSCI World Financials Index removed Real Estate from the benchmark in August 2016. The performance fee calculation against the MSCI World Financial Index remains unchanged.

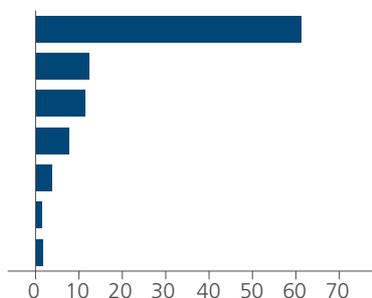
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 31 January 2017

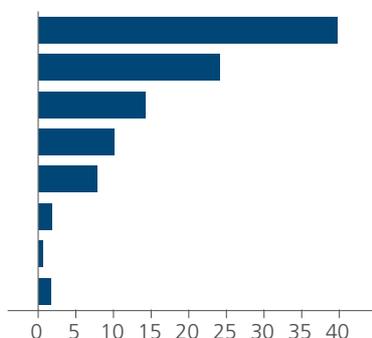
### Sector Exposure (%)

Banks	61.3
Diversified Financials	12.4
Insurance	11.6
Fixed Income	7.9
Real Estate	3.8
Software & Services	1.4
Cash	1.7



### Geographic Exposure (%)

North America	39.8
Europe	24.0
Asia Pac (ex-Japan)	14.2
UK	10.1
Fixed Income	7.9
Japan	1.8
Latin America	0.6
Cash	1.7



### Top 15 Holdings (%)

JPMorgan	4.1
Bank of America	3.3
Wells Fargo	3.2
ING Groep	3.2
Chubb	2.8
BNP Paribas	2.5
Swedbank	2.4
Citigroup	2.3
PNC	2.2
Toronto-Dominion	2.0
First Republic Bank	2.0
Synchrony Financial	1.9
Sampo	1.9
KBC Groep	1.9
Marsh & McLennan	1.9

**Total 37.6**

**Total Number of Positions 76**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	76.0
Medium (US\$ 0.5bn - 5bn)	19.6
Small (less than US\$ 0.5bn)	4.5

## Investing in the Trust and Shareholder Information

### Trust Characteristics

Launch Date	01 July 2013
Year End	30 November
Half Year End	31 May
Results Announced	Late Jan/Feb
Next AGM	Spring 2017
Trust Term	Fixed life to May 2020
Listed	London Stock Exchange

### Market Purchases

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

### Corporate Contacts

#### Registered Office and Website

16 Palace Street, London SW1E 5JD  
[www.polarcapitalglobalfinancialtrust.co.uk](http://www.polarcapitalglobalfinancialtrust.co.uk)

#### Custodian

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

#### Registrar

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA  
[www.shareview.co.uk](http://www.shareview.co.uk)

### Codes

#### Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

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

ISIN	GB00B9XQV370
SEDOL	B9XQV37
London Stock Exchange	PCFS

The entire investment portfolio is published in the annual and half year report as well as being announced to the London Stock Exchange on a quarterly basis. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Note: Totals may not sum due to rounding.

## Fund Manager Comments

As at 31 January 2017

The momentum in the sector continued into January, albeit financials gave up some of their recent relative performance, marginally underperforming underlying equity markets. European government bond yields backed up post the sharp rally they had had in the closing days of 2016 although US treasuries were little changed over the month. US banks were a little weaker while European banks rose slightly. Against this background the Trust's net asset value rose by 0.5%.

US banks' fourth-quarter results were largely reassuring, with asset quality trends remaining robust and strong growth in investment banking revenues. Further share price performance, however, is reliant on further interest rate increases, regulatory reform and potential for tax cuts. All of these will have a much bigger impact on 2018 earnings than the next couple of quarters and thus leave stocks very sensitive to economic and political newsflow in the intervening period.

European banks performed better on the back of supportive macro data and a positive start to the fourth-quarter results season with earnings coming in better than expectations. Results to date continue to show a subdued revenue picture affected by low levels of loan growth and a low rate environment, although margins have benefited from mortgage repricing in the Nordics and higher loan yields in Spain. Importantly, dividends have come in-line or ahead of expectations with capital buffers being built well in excess of requirements.

Asian financials outperformed in the month, recovering some of the underperformance seen post the US election in November. Indian financials, where we have our largest exposure, were particularly strong in January as results suggested that the impact from demonetisation was less than originally feared. Results for Indian financials to date have shown some impact to volumes and pockets of asset quality pressure for some, while private banks have benefited from a surge in cheap deposits.

The biggest contributors to performance during the month were BOC Hong Kong and Yes Bank, an Indian bank for the reasons described above. Conversely the biggest detractors were Citigroup and Meta Financial (Meta). Meta is headquartered in Sioux Falls, South Dakota. Its share price has more than doubled over the last year on the back of strong earnings growth but a mixed results statement led to profit taking.

We attended a conference on demographics during the month. Outside shorter-term cyclical effects the majority view continues to be that demographic trends will result in interest rates remaining low for the foreseeable future. As the dependency ratio continues to rise, then this will require higher government spending on, for example, healthcare at the same time as resulting in falling demand in the economy. This would not be helpful for the financials sector.

But as noted by former Deputy Governor of the Bank of Japan "long-run accumulative effects of small predicting errors are mind boggling." In 20 years, the population of the UK is forecast to be larger than Germany, or it was prior to the UK referendum, and yet just prior to World War II it was nearly a third less and forecast to shrink. Shorter term, however, we believe the economy and politics will be a bigger driver, the latter potentially a significant one whether intended or unintended.

In that sense, while the sector is prone to profit taking in the short term on back of macro data, the direction of travel for regulation and therefore for sentiment appears to be reversing. At the end of January, Congressman Patrick McHenry, who is the Vice Chairman of the Committee on Financial Services, wrote an extraordinary letter to Janet Yellen, Chair of Board of Governors of the Federal Reserve. In it he stated, amongst other things that:

"It is incumbent upon all regulators to support the US economy, and scrutinise international agreements that are killing American jobs. Accordingly, the Federal Reserve must cease all attempts to negotiate binding standards burdening American business until President Trump has had the opportunity to nominate and appoint officials that prioritise America's best interests." This has led to one European bank CEO to describe the letter as the death knell for Basel IV.

While European economic data has come in ahead of expectations, political risk has been rising. Conversely, while some of the economic data coming out of the US had not been as uniformly positive some sentiment indicators have jumped sharply. For example, the small business optimism, as corroborated by the NFIB Index has turned sharply up. Similarly, the latest Federal Reserve Senior Loan Officers Survey showed an increase in inquiries from business owners looking for credit.

Bank valuations remain undemanding, underpinning the improved sentiment towards the sector. Albeit short term with political risk starting to rear its head again in Europe, this year is likely to be as volatile, if not more so than last year. Having said this, we remain positive on the outlook for the sector and should equity markets correct then we would expect that would be an opportunity to add to positions.

**Nick Brind & John Yakas**

10 February 2017

### Fund Managers



**Nick Brind**  
Fund Manager

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



**John Yakas**  
Fund Manager

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

# Polar Capital Global Financials Trust plc

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