Polar Capital Global Financials Trust plc

Trust Fact Sheet

31 July 2020

Trust Facts

Ordinary Shares

Share Price	105.50p
NAV per share	117.51p
Premium	-
Discount	-10.22%
Capital	123,145,765 shares of 5p

Assets & Gearing [1]

Total Net Assets	£144.7m
AIC Gearing Ratio	7.97%
AIC Net Cash Ratio	0.00%

Historic Yield (%)[2] **4.17**

Dividends (p/share)

August 2020 (declared)	2.40
February 2020 (paid)	2.00
August 2019 (paid)	2.40
February 2019 (paid)	1.90

Benchmark [3]

MSCI ACWI Financials Net Total Return Index (in Sterling)

Fees [5]

Management	0.70%
Performance	10%
Ongoing Charges	1.04%

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

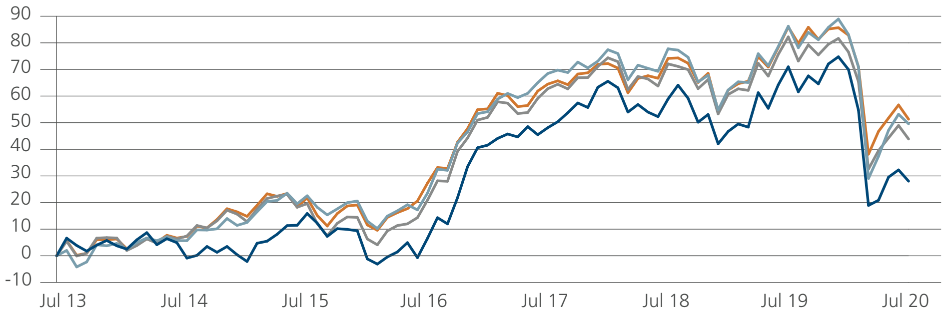
The Company's investment objective is to generate for investors a growing dividend income together with capital appreciation.

Investment Policy

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

Performance

Performance Since Launch (%)



	1 month	3 month	YTD	1 year	3 years	5 years	Since Launch
Ordinary Share Price (TR) [6]	-3.21	5.92	-26.75	-25.13	-13.56	10.48	28.02
NAV per Share (TR)	-2.35	8.89	-20.83	-19.69	-11.21	22.06	49.57
Benchmark [3]	-3.43	3.12	-18.52	-18.63	-8.01	24.26	51.31
MSCI ACWI Financials (NTR) [4]	-3.43	3.12	-20.81	-21.06	-11.61	20.28	43.86

Discrete Performance (%)

	29.11.19 31.07.20	30.11.18 29.11.19	30.11.17 30.11.18	30.11.16 30.11.17	28.11.15 30.11.16
Ordinary Share Price (TR) [6]	-25.60	12.41	-1.69	16.66	21.43
NAV per Share (TR)	-19.50	10.70	-1.60	16.40	22.17
Benchmark [3]	-18.29	9.87	-0.12	14.20	24.47
MSCI ACWI Financials (NTR) [4]	-19.84	7.96	-0.44	15.75	25.88

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 Historic Yield reflects distributions declared over the past twelve months as a percentage of the share price, as at the date of this fact sheet. It does not include any initial charge and investors may be subject to tax on their distributions.
3. The benchmark changed on 23 April 2020 to MSCI ACWI Financials Net Total Return Index (in Sterling) due to the Trust's exposure to Emerging Market financials equities and its limited exposure to real estate equities. Prior to this the Trust's benchmark was MSCI World Financials + Real Estate Net Total Return Index. Preceding 31 August 2016, the Trust's benchmark was the MSCI World Financials Index, which included Real Estate as a constituent until its removal that year. Benchmark data above illustrates linked performance of these benchmarks.
4. The performance of the MSCI ACWI Financials Net Total Return Index (excluding Real Estate, in Sterling) from the Trust's inception is used for illustrative purposes only.
5. With effect from 23 April 2020, the performance fee is calculated daily on any outperformance over the performance fee hurdle. The hurdle is the benchmark index +1.5% per annum, compounded annually. The Management fee was reduced from 0.85% to 0.70% with effect from 7 April 2020. Ongoing charges calculated at the latest published year end date, excluding any performance fees. Further details can be found in the Report and Accounts.
6. Ordinary share price (TR), calculated by reinvesting dividends at relevant ex-dividend dates, does not take into account returns shareholders would have received from the subscription shares that they were issued with at launch. Please note that the subscription shares issued at the time of launch were subject to a single exercise date being 31 July 2017.

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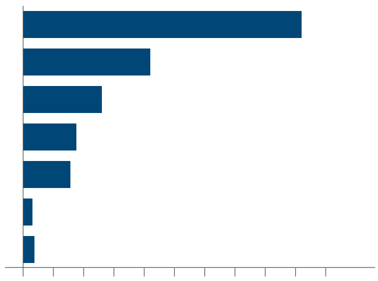
Portfolio Exposure

As at 31 July 2020

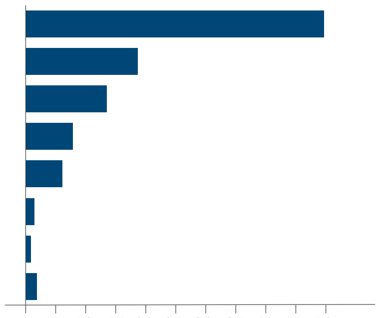
Sector Exposure (%)

Banks	46.0
Insurance	21.0
Diversified Financials	13.0
Software & Services	8.8
Fixed Income	7.8
Real Estate	1.5
Cash	1.9



Geographic Exposure (%)

North America	49.7
Asia Pacific (ex-Japan)	18.7
Europe	13.5
Fixed Income	7.8
UK	6.1
Latin America	1.4
Japan	0.9
Cash	1.9



Top 15 Holdings (%)

JPMorgan	5.1
Mastercard	4.3
Bank of America	3.6
PayPal Holdings	3.3
Chubb	2.9
Marsh & McLennan	2.8
Arch Capital	2.5
Toronto-Dominion	2.3
HDFC Bank	2.3
Bank Central Asia Tbk	2.1
PNC	2.0
E.Sun Financial	2.0
AIA Group	1.9
Allianz	1.9
Blackstone	1.9
Total	**40.9**

Total Number of Positions 72

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	85.4
Medium (US$ 0.5bn - 5bn)	12.0
Small (less than US$ 0.5bn)	2.6

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-May
Trust Term	No fixed life; 5-yearly tender offers
Next Tender Offer	30 June 2025
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.

Polar Capital Global Financials Trust plc

Fund Manager Comments

As at 31 July 2020

After adjusting for a rally in sterling, equity markets were lower over the month despite their strong performance. Financials lagged underlying equity markets as concern around a rise in COVID-19 cases globally resulting in renewed restrictions in some countries and a slowdown in some economic indicators hit sentiment. Against this background the Trust's net asset value fell 2.3% while our benchmark index, the MSCI ACWI Financials Index, fell by 3.4%

The biggest contributors to performance were our holdings in PayPal Holdings, a payments company, Keppel DC REIT, a Singaporean REIT focused on data centres, and Hong Kong Exchanges & Clearing. Holdings in Blackstone, a US alternative asset manager, AIA Group, an Asian life assurance company, and HDFC Bank, an Indian bank, were the biggest drag on performance.

US banks announced second quarter results which highlighted both the strength of their balance sheets and the uncertainty about the outlook. Underlying earnings benefited from the exceptionally strong investment banking and trading revenues which helped offset weaker net interest income which was impacted by lower interest rates and loan books shrinking in the last quarter as companies and individuals repaid loans.

Banks significantly increased their provisions on the back of a more negative view on the outlook for the US economy than when they released first quarter results, despite relatively little evidence of asset quality issues so far, taking total reserves to $165bn for the largest 20 banks. This level of reserving assumes unemployment will be around 10% at the end of the year before falling to 7.5% at the end of 2021 with a commensurate fall in GDP. As a result, reserves now stand up to 5x that of the current level of non-performing assets.

Highlighting the exceptional scenario, Bill Demchak, CEO and Chairman of PNC Financial Services, summed up the outlook, saying: "And so Jamie [Dimon, CEO and Chairman of JP Morgan] went on this rant, and he's exactly right. We see consumers flush with cash. We see no delinquencies. We see consumer spending increasing. And it's all at the moment based on Government writing a check. And I just don't know how this plays out."

The tailwinds in place for e-commerce-focused payment companies were highlighted by PayPal's strong second quarter results during the month. PayPal's active customer accounts rose 21% over the year while total payment volumes rose 30%. Management guidance pointed to continued positive momentum in the second half of the year. The health crisis has accelerated the shift online across industries and PayPal is positioning itself to engage with customers at all stages of commerce.

European financials lagged during the month on concerns that a rise in infection rates would lead to additional containment measures in the region. We are halfway through second quarter results for the banking sector which have highlighted pressure on core revenues from lower rates, higher provisioning and stronger capital. While most results have come ahead of expectations, the sector underperformed in the month with continued uncertainty on both asset quality and the extent to which it will deteriorate, once government stimulus and regulatory forbearance fades, and capital return. As expected, the ECB extended the ban on dividends and buybacks until January 2021.

The second quarter results season for the Asian banking sector has started with a number of banks in Thailand and India. Broadly, we are seeing similar pressure on net interest income as interest rates come down although strong deposit inflows at better managed franchises are helping offset this, while the strong trading revenues during the quarter have enabled higher pre-emptive provisioning. Indian banks' results showed how some stronger banks, such as HDFC Bank, are capitalising on weakness elsewhere and we have seen Bank Central Asia in Indonesia, a well-regarded private bank which is another key holding in the region, benefit similarly.

The crisis has had a positive impact on incumbents in the banking sector as regards their resilience and being able to interact with clients digitally or otherwise, as well as be a conduit for loans guaranteed by the government. The crisis will also show which of the new fintech entrants have solid business models. We have always like payments businesses, but been very wary about those that take balance sheet risks, especially those with a weak funding profile.

Not surprisingly, some of the latter have struggled. On Deck Capital, a US fintech lender, succumbed in July to a bid over 90% below the price it IPO'd at in 2014. Metro Bank, which has its own well publicised issues, announced at the beginning of August it had acquired RateSetter, a UK peer-to-peer lender, for a fraction of what its investors had sunk into the business, and Monzo, the bank with the eponymous red card, has had to warn in its accounts of a material uncertainty that it can continue as a going concern.

Despite the insouciance towards the sector in recent months, we have seen some more positive comment around the opportunity in the sector. The bulls argue that banks are very cheap, have sufficient capital to withstand the current downturn and on any normalised earnings offer significant value trading at depressed forward-earnings multiple over two years as evidenced by the very low P/B ratios they are trading on. The bears argue there is a bigger risk of higher loan losses that have yet to materialise.

While there is undoubtedly uncertainty in the short term, we are finding attractive recovery opportunities within non-life insurance supported by a hardening rate environment while the Trust is also positioned to benefit from the structural growth opportunities in the payments sector, savings platforms and in emerging markets. Banks may remain unloved for the time being, but Jamie Dimon has argued JP Morgan "will not lose [the] kind of money" assumed in stress tests which, if correct, would suggest substantial upside in bank share prices. It would seem Warren Buffett agrees as he has increased his stake in Bank of America by around $2bn in recent weeks.

Nick Brind & John Yakas

6 August 2020

Fund Managers

Nick Brind

Fund Manager

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 26 years of industry experience.

John Yakas

Fund Manager

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 32 years of industry experience.

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.

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Benchmarks

The following benchmark index is used: MSCI ACWI Financials Net Total Return Index (in Sterling). 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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