

## Trust Fact Sheet

29 May 2015



### Trust Facts

#### Ordinary Shares

Share Price	107.13p
NAV (undiluted) per share	116.75p
Premium	-
Discount	-8.24%
Capital	173,700,000 shares of 25p

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

Share Price	8.63p
Exercise Price	115.00p
Capital	30,600,000 shares of 1p

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

Total Net Assets	£202.8m
AIC Gearing Ratio	2.58%
AIC Net Cash Ratio	0.00%

**Historic Yield (%)** **2.89**

#### Dividends (p/share)

February 2015 (paid)	1.35
July 2014 (paid)	1.75
March 2014 (paid)	0.68

#### Benchmark

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 on Page 4 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.

## Company Profile

### Investment Objective

The 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 Months	6 Months	1 Year	Since Launch
■ Ordinary Share Price (TR)	3.00	6.33	7.58	4.61	11.34
■ NAV (undiluted per Share) (TR)	2.25	5.98	8.35	15.27	23.50
■ MSCI World Financials Index TR	0.89	3.74	4.88	14.60	23.42

### Discrete Performance (%)

	28/11/14	29/11/13	30/11/12	30/11/11	30/11/10
	29/05/15	28/11/14	29/11/13	30/11/12	30/11/11
Ordinary Share Price (TR)	7.58	-2.14	-	-	-
NAV per Share (TR)	8.35	9.86	-	-	-
MSCI World Financials Index TR	4.88	10.98	-	-	-

Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP. 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. 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.
2. Gearing calculations are exclusive of current year revenue.
3. 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.

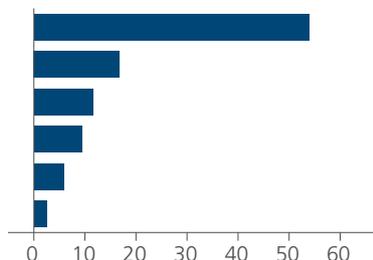
# Polar Capital Global Financials Trust plc

## Portfolio Exposure

As at 29 May 2015

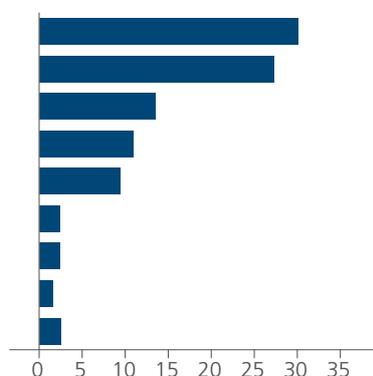
### Sector Exposure (%)

Banks	53.9
Diversified Financials	16.7
Insurance	11.6
Fixed Income	9.4
Real Estate	5.9
Cash	2.5



### Geographic Exposure (%)

Europe	30.0
North America	27.3
Asia Pac (ex-Japan)	13.4
UK	10.9
Fixed Income	9.4
Eastern Europe	2.4
Japan	2.4
Latin America	1.6
Cash	2.5



### Top 15 Holdings (%)

JPMorgan	2.9
ING Groep	2.8
Wells Fargo	2.7
Sumitomo Mitsui Financial	2.4
ACE	2.3
Intesa Sanpaolo SpA	2.2
PNC	2.2
KBC Groep	2.1
Sampo	2.0
Citigroup	2.0
UBS Group AG	2.0
Barclays	2.0
OneSavings Bank	2.0
Société Générale	1.9
Blackstone	1.8

**Total** **33.3**

**Total Number of Positions** **70**

### Market Capitalisation Exposure (%)

Large (greater than US\$ 5bn)	69.6
Medium (US\$ 0.5bn - 5bn)	28.4
Small (less than US\$ 0.5bn)	1.9

## 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 2015
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 29 May 2015

Equity markets hit new all-time highs in May. The MSCI World Index rose 0.8% driven by strong performance from US and Japanese equities. Emerging markets were weak while European equity markets were largely flat to lower; the latter after adjusting for currency weakness. Financials marginally lagged the rally, but outside of REITs (real-estate investment trusts), Australian and Canadian banks, they outperformed underlying equity markets during the month. Against this background the Trust's net asset value rose by 2.3% versus our benchmark index, the MSCI World Financials Index, which rose by 0.9%.

European bank results were mostly better than expected. Fee income was higher, driven by strong investment banking revenues and strong inflows into asset management and wealth management divisions where transaction revenues also rose. Reflecting the better underlying macroeconomic environment, banks also saw a sharper fall in provisioning (i.e. less loan losses) than expected, but the continued low interest rate environment led to some banks seeing a small fall in net interest income as net interest margins came under pressure, with falls in funding costs not being sufficient to offset falls in loan yields.

Reflecting these results, holdings in ING, KBC, Intesa Sanpaolo and UBS all performed well during the month, rising by mid to high-single-digit percentages. Barclays shares also performed well, but this was in part due to the resolution of outstanding investigations into foreign exchange (FX) market manipulation with the shares rising 3.4% on the day. Along with JPMorgan, Citigroup and Royal Bank of Scotland, banks agreed to pay over US\$5bn in penalties. UBS paid a much smaller amount having previously received conditional immunity for its cooperation. This underpins our view that the concerns regarding litigation affecting the sector are massively overstated.

The shocking behaviour of a small number of traders at a small number of large banks is understandably front page news in the Financial Times (FT), as an example. The FT also widely covered the story the week before, when rumours broke as to the potential size of fines, and prior to that when Barclays raised its provisions for the likely fines it would face. On the day the FT also covered it in much more detail, potted with colourful quotes from the traders in question, to explain how they did it. Putting it into perspective, this week a Canadian court ordered three tobacco companies (including British American Tobacco) to pay damages of c.US\$15.6bn, a multiple of the FX fines, but the FT relegated this story to the bottom left of page 16.

Our best performing holdings during the month were OneSavings Bank, Aldermore and Shawbrook, three of the so called UK challenger banks, all of which rose sharply, the latter by 23.0%. All reported positive Interim Management Statements and JC Flowers, the private equity firm that has a significant stake in OneSavings Bank, placed more of its shares. They are all benefiting from strong loan growth, supported by their very small size, with managements noting they remain on track to achieve their target profitability which is significantly higher than that for the large UK clearers. Furthermore, the competitive environment remains benign as their larger peers remain distracted by legacy issues.

Asian financials were weaker in the month with Chinese stocks finishing the month down and remaining highly sensitive to speculation on PBOC monetary policy. The Trust has no exposure to China, albeit we have a holding in a Hong Kong listed REIT. Our holdings in India were flat to higher supported by expectations of monetary easing. The results season in India included mixed trends with resilient trends reported by the private sector banks contrasting with weaker earnings from the state banks (which are particularly exposed to the downturn in corporate and rural asset quality).

Whilst investor expectations arguably ran ahead of fundamentals on the ground, the reform process in India has the potential to push the structural growth rate to a much higher level.

On the regulatory front, while we still expect some further tweaking of capital requirements by regulators, there are some signs that the pushback for yet further regulation – or even to maintain the status quo – is gaining traction (putting aside the decision by HSBC to review where it should be headquartered). Importantly, it is politicians that are driving this change. In the US, Senate Banking Committee Chairman Richard Shelby, a Republican, has been trying to put forward proposals to relax regulatory requirements for smaller banks. While the Democrats on the committee have yet to show support for Shelby's proposals, they have countered with their own, which similarly would be good for banks.

Investment activity during the month included reducing our holdings in Discover Financial Services, UBS and Azimut; the latter two on the back of strong share price performance. We started a new holding in American Express – its shares have been very weak over the last year following the loss of a contract with CostCo, one of the largest retailers in the US, and on the back of losing a court case brought by the Department of Justice on antitrust grounds. As a result its shares have derated quite sharply. We also added to our holdings in ING, Siam Commercial (one of Thailand's largest banks), and OCBC (a Singapore bank).

**Nick Brind & John Yakas**

10 June 2015

### Fund Managers



**Nick Brind**

**Fund Manager**

Nick has managed the Trust since launch, he joined Polar Capital in 2010 and has 21 years of industry experience.



**John Yakas**

**Fund Manager**

John has managed the Trust since launch, he joined Polar Capital in 2010 and has 27 years of industry experience.

# Polar Capital Global Financials Trust plc

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**Benchmarks** The following benchmark index is used: MSCI World Financials Index. This benchmark is generally considered to be representative of the Financial Equity universe. The benchmark 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](http://www.msci.com) for further information on this index. Comparisons to benchmarks have limitations as benchmarks 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.

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