POLAR CAPITAL

Polar Capital Global Financials Trust plc

Trust Fact Sheet

31 December 2018

Trust Facts

Ordinary Shares

Share Price	122.50p
NAV per share	127.63p
Premium	-
Discount	-4.02%
Capital	202,775,000 shares of 5p

Assets & Gearing [1]

Total Net Assets	£258.9m
AIC Gearing Ratio	2.25%
AIC Net Cash Ratio	0.00%

Historic Yield (%)[2] **3.31**

Dividends (p/share)

July 2018 (paid)	2.25
February 2018 (paid)	1.80
July 2017 (paid)	2.10
February 2017 (paid)	1.60

Benchmark [3]

MSCI World Financials + Real Estate Net Total Return Index

Fees [4,5]

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

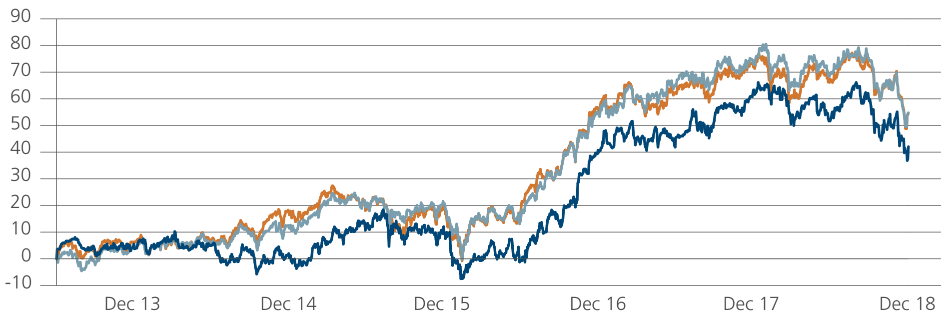
The Company seeks to generate a growing dividend income and capital appreciation by investing primarily in a global portfolio consisting of securities issued by companies within the financials sector operating in the banking, insurance, property and other sub-sectors.

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 month	YTD	1 year	3 years	5 years	Since Launch
Ordinary Share Price (TR) [6]	-7.20	-10.75	-13.01	-13.01	29.87	36.93	42.07
NAV per Share (TR)	-7.78	-11.34	-10.59	-10.59	28.37	47.93	54.78
Benchmark [3]	-8.35	-10.37	-10.14	-10.14	29.70	45.29	54.47

Discrete Performance (%)

	30.11.18 31.12.18	30.11.17 30.11.18	30.11.16 30.11.17	28.11.15 30.11.16	29.11.14 28.11.15
Ordinary Share Price (TR) [6]	-7.20	-1.69	16.66	21.43	6.22
NAV per Share (TR)	-7.78	-1.60	16.40	22.17	5.23
Benchmark [3]	-8.35	-0.12	14.20	24.47	0.88

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. 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.
4. 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.
5. Ongoing charges calculated at the latest published year end date, excluding any performance fees.
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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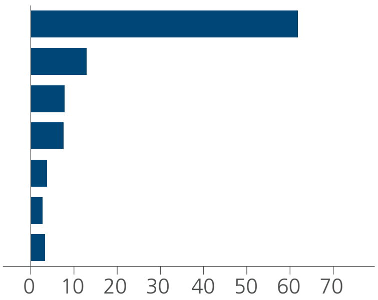
Polar Capital Global Financials Trust plc

Portfolio Exposure

As at 31 December 2018

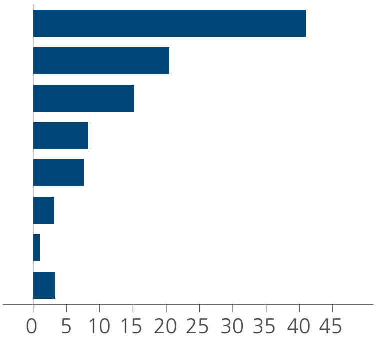
Sector Exposure (%)

Banks	61.8
Insurance	12.9
Diversified Financials	7.8
Fixed Income	7.6
Real Estate	3.8
Software & Services	2.7
Cash	3.3



Geographic Exposure (%)

North America	40.9
Europe	20.4
Asia Pacific (ex-Japan)	15.2
UK	8.3
Fixed Income	7.6
Japan	3.2
Eastern Europe	1.0
Cash	3.3



Top 15 Holdings (%)

JPMorgan	5.4
Bank of America	3.9
Chubb	3.1
Mastercard	2.7
Wells Fargo	2.4
Sumitomo Mitsui Financial	2.4
Citigroup	2.3
Oversea-Chinese Banking Corp L	2.2
PNC	2.1
Arch Capital	2.1
Toronto-Dominion	2.1
KBC Groep	2.1
Marsh & McLennan	2.0
Swedbank	2.0
Sampo	2.0
Total	**38.8**

Total Number of Positions **70**

Market Capitalisation Exposure (%)

Large (greater than US$ 5bn)	81.5
Medium (US$ 0.5bn - 5bn)	14.3
Small (less than US$ 0.5bn)	4.2

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.

Polar Capital Global Financials Trust plc

Fund Manager Comments

As at 31 December 2018

The year ended on a sharp sell-off in equity markets led by the US, with the S&P 500 Index down by nearly 15% at the worst point on Christmas Eve prior to staging a partial recovery in the last few days of the year. Not surprisingly, financials slightly underperformed in the sell-off with our benchmark index, the MSCI World Financials + REITs Index, falling 8.4% versus the fall in the MSCI World Index which fell 7.6%. Against this background the Trust's net asset value fell 7.8%.

The fall in the US equity markets was sparked by more hawkish commentary made by Jay Powell, Chairman of the Federal Reserve, regarding the outlook for interest rates and that the downsizing of the Federal Reserve's balance sheet was on "automatic pilot". Rumours that the US President wanted to sack the Fed Chairman, while not entirely unexpected, as suggested by his tweets on interest rates, were also unhelpful.

Similarly, the resignation of the extremely well-respected Secretary of Defence, John Mattis, seen as the only "adult" left in the White House did not help. Nevertheless, what compounded the sell-off was a bizarre tweet by US Treasury Secretary, Steven Mnuchin, that he had spoken to the six largest banks confirming they had plenty of liquidity and that none had experienced any clearance or margin issues, thereby raising questions as to whether he was aware of something.

As a result, US banks fell just over 15% over the month, compared to European banks and Japanese banks falling 10.2% and 6.5% respectively as illustrated by the KBW Banks Index, the STOXX Euro Banks Index and the TOPIX Banks Index. Not surprisingly, against this background, the Trust's worst performing holdings were all US banks, namely JPMorgan, Bank of America and Citigroup, all large positions, with the latter falling close to 20%.

Conversely, our best performing holdings were some of our smaller holdings. Amigo Holdings, a UK unsecured consumer lender, which had struggled initially post IPO, rallied back above its issue price and with the sell-off in equity markets has now materially outperformed since IPO. We also participated in the IPO of AJ Bell, which saw a big jump in its share price. Finally, a holding in Indiabulls Housing Finance also saw some recovery in its share price.

In view of the jitters surrounding Indian financials (our largest emerging market exposure in the Trust) we recently visited Mumbai to have meetings with a number of banks and finance companies and broadly came away encouraged. The finance sector liquidity crisis has eased considerably and the worst of the asset quality cycle is behind us but that is not to say we will not see some residual impact in the coming quarterly results seasons (eg margin pressures for finance companies, possible defaults of smaller real estate developers and some further provisioning for corporate lenders).

We continue to be impressed with the performance of HDFC Bank, our largest Indian holding. They seem to be well ahead of the competition in dealing with the potential impact of technology on their franchise in the years ahead and see numerous opportunities in areas such as payments, business banking and rural banking. Overall, we came away with the impression of a market becoming more rational, added to which, though growth will slow, it will still remain one of the best in the region and the macro environment will be helped by a falling oil price, lower inflation and continued recovery from recent mishaps/policy adjustments.

Financials, in particular banks and asset managers have derated significantly over the past year. At the end of December, US, European and Japanese banks had fallen to 8.4x, 6.5x and 7.6x 2020 P/E ratios respectively, significantly wider discounts to the market than where they normally trade (especially in the US). Undoubtedly these low ratings show that the market is factoring in either a significant fall in earnings and/or little or no earnings growth into the future reflecting investors' nervousness about the sector and where we are in the economic cycle.

2018 has been a frustrating one for investors in the sector and while the sector has nearly always, for good reason, traded at a discount to underlying markets we still believe its recent performance looks anomalous unless there is a significant deterioration in the macro environment. A flattening yield curve in the US, weaker leading indicators and central banks continuing to withdraw liquidity are a headwind but financials start from a much lower valuation already discounting more bad news to come resulting in some exceptional value on offer.

Autonomous Research (a UK institutional research firm) have looked at all US recessions going back to 1937. US banks have tended to underperform in the run-up to a recession and then outperform when recession starts – in eight of the twelve recessions over that period. This intuitively makes sense in that investors discount the risk of a sharp downturn and then when it is not as severe as expected banks then go on to outperform (three of the four exceptions being 1980, 1990 and 2007).

Royal Bank of Canada analysts have also pointed out, that every year since 1990 that US banks have posted negative returns that have not been credit related, the following year they have risen and, except for 2006, also outperformed the S&P 500 Index. Similarly, US banks over the same period have bottomed in relative terms around six months prior to the last interest rate rise and counterintuitively against a background of falling net interest margins.

Nick Brind & John Yakas

7 January 2019

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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