



Polar Capital Global Financials Trust plc

Report and Financial Statements for the half-year ended 31 May 2019

Half-year ended
31 May 2019

About Us

History

The Company was incorporated on 17 May 2013. On 1 July 2013 it issued 153,000,000 ordinary shares plus one subscription share for every five ordinary shares which were admitted to trading on the Main Market of the London Stock Exchange.

The original subscription price for each ordinary share was £1 and the Net Asset Value (NAV) per share on 1 July 2013 was 98p (after launch costs).

In accordance with the Company's original prospectus, on 31 July 2017 the subscription shares matured and were exercised at 115p per subscription share.

Capital Structure

At 31 May 2019, the Company had in issue 202,775,000 (2018: 202,775,000) ordinary shares of 5p each.

Investors may purchase ordinary shares through their stockbroker, bank, investment platform or other financial intermediary.

Life of the Company

The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in April 2020, but in any event, no later than 31 May 2020.

Investment Objective

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

Investment Policy

The Company seeks 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.

The portfolio is diversified by factors including geography, industry sub-sector and stock market capitalisation.

Full details of the investment policy are set out in the Annual Report.

Benchmark

The Company's Benchmark is the MSCI World Financials + Real Estate (RE) Index, total return in Sterling (with dividends

reinvested). From inception to 31 August 2016 the benchmark was the MSCI World Financials Index (in sterling with dividends reinvested). On 1 September 2016, the constituents of this index changed to exclude real estate. Consequently, from this date the Company adopted a revised Benchmark with real estate added back. MSCI has provided a bespoke index of the World Financials + RE Index (in Sterling with dividends reinvested).

Gearing and Use of Derivatives

In line with the Articles of Association, the Company may employ borrowing from time to time with the aim of enhancing returns, subject to a maximum of 15% of net assets at the time the relevant borrowing is taken out. During the period under review, the Company had an arrangement with ING Bank NV for bank loans of £30m to be made available, of which £15m had been drawn down at the period end. Since the period end, the Company has entered into a replacement arrangement with ING Bank NV for a one year revolving credit facility in the amount of £20m, and a one year term loan for £10m. The Company may invest through equities, index-linked, equity-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other interests including derivative instruments. Forward transactions, derivatives (including put and call options on individual positions and indices) and participation notes may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management.

Management

The Investment Manager and AIFM is Polar Capital LLP and Mr Nick Brind and Mr John Yakas have managed the portfolio since launch.

The Investment Manager is entitled to a fee at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value. 80% of the management fee is charged to the capital account and the remaining 20% to income.

The Investment Manager may also be entitled to a performance fee paid in cash. The fee is equal to 10% of the excess return over the performance fee hurdle. The hurdle is 100p increased or decreased by reference to the return on the Benchmark plus 1.25p per annum. The performance is adjusted for these purposes to take into account the dividends paid by the Company. The fee is calculated and payable at the liquidation of the Company. No performance fee is currently due and no accrual has been made.

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Financial Highlights

For the half-year ended 31 May 2019

	For six months ended 31 May 2019 %	Since Inception %
Performance (Sterling total return)		
Net asset value (NAV) per ordinary share ⁽¹⁾	2.0	71.3
Ordinary share price ⁽²⁾	1.5	49.8
Ordinary share price including subscription share value ⁽³⁾	–	58.7
Benchmark⁽⁴⁾		
MSCI World Financials + Real Estate Net Total Return Index	1.4	70.9
Other Indices and peer group (in Sterling)		
MSCI World Index	2.4	91.6
FTSE All Share Index	4.9	46.0
Lipper Financial Sector ⁽⁵⁾	4.3	54.4

Financials	As at 31 May 2019	As at 31 May 2018	As at 30 November 2018	% Change Six Months to 31 May 2019
Total net assets	£282,627,000	£289,176,000	£280,984,000	+0.6
Net assets per ordinary share	139.4p	142.6p	138.6p	+0.6
Ordinary share price	132.0p	135.0p	132.0p	–
Discount per ordinary share	-5.3%	-5.3%	-4.8%	
Gearing:				
– net gearing	–	2.8%	2.1%	
– net cash	1.9%	–	–	
Ordinary shares in issue	202,775,000	202,775,000	202,775,000	–

Earnings per ordinary share	Six months to 31 May 2019	Six months to 31 May 2018	Year to 30 November 2018	% Change Six Months to 31 May 2019
Revenue Return	3.09p	2.92p	4.71p	
Capital Return	(0.38)p	(3.15)p	(6.73)p	
Total	2.71p	(0.23)p	(2.02)p	
Ongoing charges⁽⁶⁾	1.04%	1.02%	0.99%	
Dividends*				
First interim	2.40p	2.25p	2.25p	6.7%
Second interim	–	–	1.90p	–
Total	2.40p	2.25p	4.15p	

* The Company declares dividends in respect of a financial year in July and January for payment at the end of the following August and February. The first interim dividend for the year ending 30 November 2019 was declared on 3 July 2019 and will be paid on 30 August 2019 to shareholders on the register on 2 August 2019. The shares will go ex-dividend on 1 August 2019. The second interim dividend will be declared in or around December 2019 for payment in February 2020.

- Note 1 The total return NAV performance for the period is calculated by reinvesting the dividends in the assets of the Company from the relevant ex-dividend date. Performance since inception has been calculated using the initial NAV of 98p and the NAV on 31 May 2019. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Company's benchmark and other indices.
- Note 2 The total return share price performance is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date. Performance since inception has been calculated using the launch price of 100p and the closing price on 31 May 2019.
- Note 3 The total return share price performance since inception includes the value of the subscription shares issued free of payment at launch on the basis of 1 for every 5 ordinary shares and assumes such were held throughout the period from launch to the conversion date of 31 July 2017. Performance is calculated by reinvesting the dividends in the shares of the Company from the relevant ex-dividend date and uses the launch price of 100p per ordinary share and the closing price per ordinary share on 31 May 2019.
- Note 4 The Benchmark was the MSCI World Financials Index to 31 August 2016, and the MSCI World Financials Index + Real Estate, for all periods from 1 September 2016. See 'Benchmark' on inside front cover.
- Note 5 Dynamic average of open ended funds in the Lipper Financial Sector Universe which comprised 56 open ended funds in the period under review.
- Note 6 Ongoing charges represents the total expenses of the Company, excluding finance costs, expressed as a percentage of the average daily net asset value, calculated in accordance with AIC guidance issued in May 2012. The ongoing charges figure as at 31 May 2019 is for the six month period from 30 November 2018 and is annualised for comparison with the full year's calculation as at 30 November 2018. From 3 January 2018, the date of implementation of the MiFID II regulation, the research cost borne by the Company is included in the ongoing charge calculation.

Data sourced by HSBC Securities Services Limited, Polar Capital LLP, MSCI and Lipper.

Chairman's Statement

Performance

The half-year financial results of the Company demonstrate a 2.0% rise in the NAV total return performance for the period to 31 May 2019. This compares to a rise of 1.4% in the benchmark performance over the same period. Further information on investment performance can be found within the Financial Highlights and the Investment Manager's Report.

Board

We are delighted to confirm that, as announced on 3 May 2019, Simon Cordery has joined the Board with effect from 1 July 2019. Simon brings to the Board a wealth of industry knowledge particularly focussed around marketing and distribution. Simon is a very welcome addition to the Board with a complementary skill set, and we look forward to working with him over the coming months ahead of any continuation proposals in relation to the fixed end of life.

Dividends

I am again pleased to announce that investment performance and income generation have allowed the Board to continue the Company's record of steadily growing dividends. The Board has declared a first interim dividend of 2.40p per share, payable on 30 August 2019 to shareholders on the register on 2 August 2019. This represents an increase of 6.7% over last year's first interim dividend of 2.25p.

In line with the dividend policy approved at the AGM held in April 2019, we continue to pursue a policy of dividend growth, although there is no guarantee that this can be achieved. The Board monitors, with the Investment Manager, the prospects for dividends from its equity holdings, interest income from cash and fixed income securities, and the potential to earn additional revenue from writing options.

Costs

As detailed within my year end Chairman's Statement, we again agreed with Polar Capital that, for the calendar year 2019, the Company will absorb the cost of specialist and bespoke research in order to ensure that the Manager has access to the best research on the sector. Polar Capital will continue to be responsible for the cost of generic written research otherwise termed 'Waterfront' research. We believe that this is a fair and equitable approach which will be monitored and reviewed at least annually. Overall the Trust's NAV has benefitted from a larger decline in transaction commissions previously used to pay for research.

Following the implementation of MiFID II the supply of company research written by brokers has declined. After detailed discussions with a range of providers, the Board has engaged Marten and Co. to produce third party research on the Trust in order to provide our shareholders with information on the Company. This will also support a marketing budget, to be shared with the Manager, aimed at raising the profile of the Trust, reaching a broader audience and enhancing liquidity.

These additional costs have resulted in a small increase in the ongoing charges ratio from 1.02% in the first half of the last financial year to 1.04% in the first half of the current financial year. This charges ratio remains significantly below the 1.27% incurred in the Trust's first year of operation.

Outlook

I have commented in my past statements on the lag between the clear and broad improvement in the underlying position of financials, especially banks, and its recognition in stronger sentiment towards the sector and better valuations. The first half of the financial year has continued this theme, with expectations of a reversal of the trend in US official rates growing, Brexit and populist uncertainties rising in Europe, and the hardening of global trade tensions all undermining a sentiment recovery in the sector. However, the Board continues to believe that the great strides forward taken by the banking sector in particular to strengthen balance sheets, reduce risk, and improve capital adequacy and operational leverage will allow the sector to be more resilient in any downturn and better positioned to benefit from the next upturn in economic activity. Valuations have significant scope to improve from their current levels as confidence builds.

The Board continues to believe that the Trust's structure remains appropriate for pursuing its investment strategy and realising the sector's investment case. A closed end vehicle allows more freedom for the Manager to invest without reference to the liquidity needs of an open-ended fund which in turn can enable a longer-term view to be taken. The limited gearing permitted by the Trust is also available to the Manager to enhance returns where they perceive opportunities. Finally, an independent Board can hold the Manager to account and protect shareholders from any potential conflicts of interest.

In this context, and as mentioned in my year end Statement, the Board continues to consider options in relation to the fixed life end date in May 2020. We anticipate being able to make proposals to shareholders before such date which we believe will be in the best interests of shareholders.

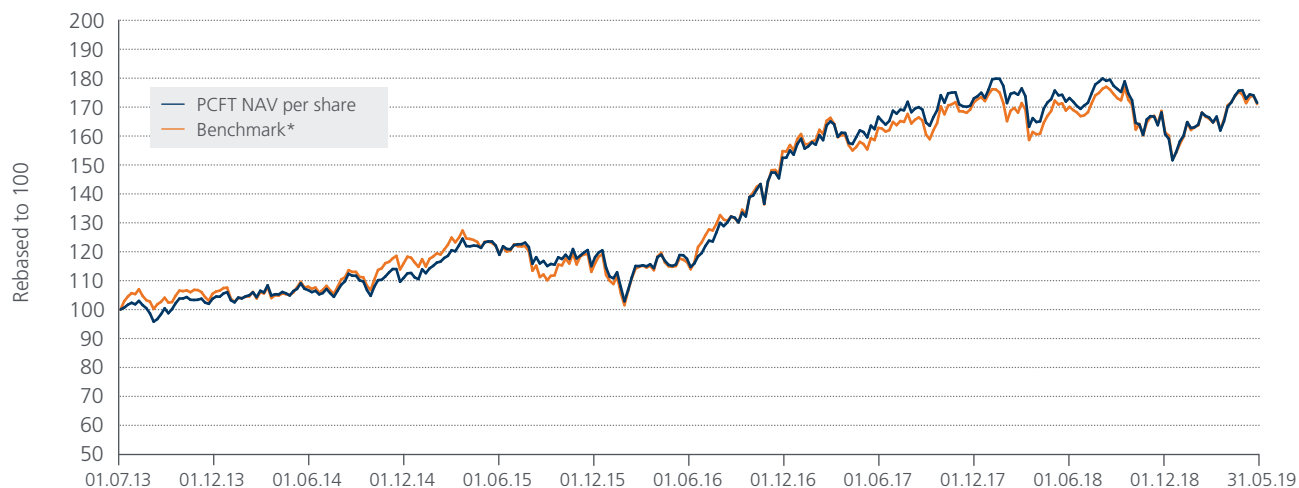
Robert Kyprianou

Chairman
8 July 2019

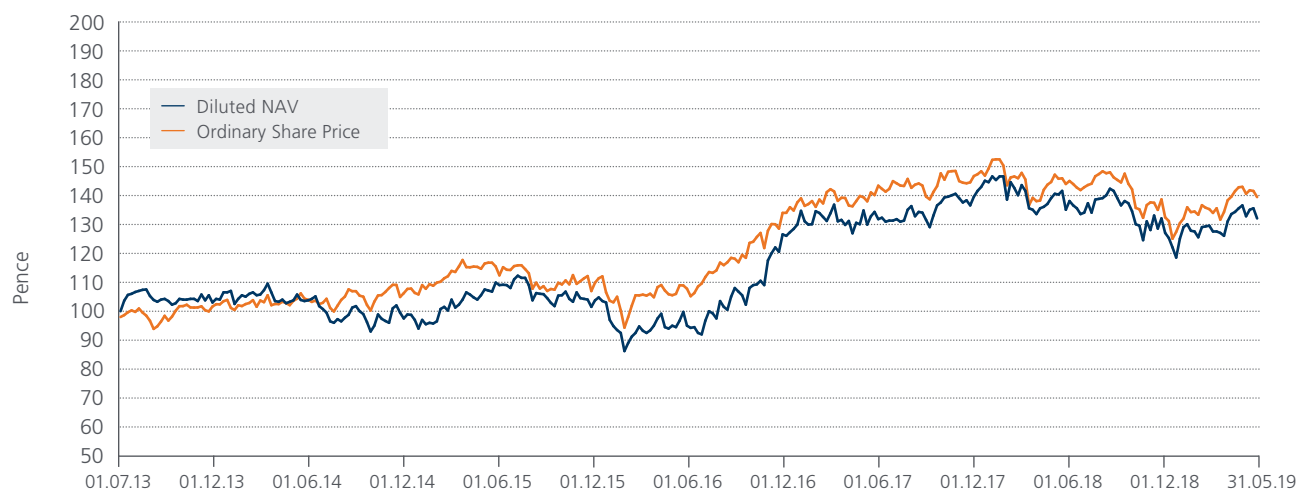
Performance – Since Launch

To 31 May 2019

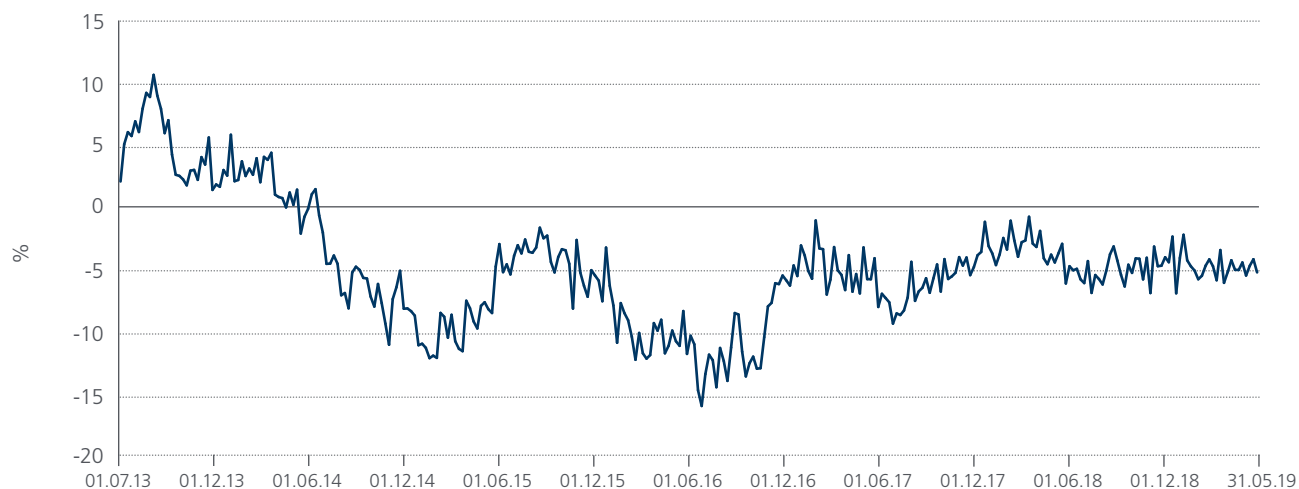
Performance (Total Return)



Share Price/Diluted NAV



Premium/Discount



Source: Polar Capital.

* See note 4 on page 1 for a definition of the Benchmark.

Investment Manager's Report

For the half-year to 31 May 2019



Nick Brind & John Yakas

Performance

Equity markets rose marginally overall during the six months covered by this report. After suffering a sharp fall in December, they rebounded strongly in January and the momentum of the rebound continued through to the end of April before correcting once more. Against this background financials underperformed broader equity markets, with our benchmark index, the MSCI World Financials + Real Estate Index rising by 1.4%*, compared with a 2.4% gain in the MSCI World Index. In comparison the Trust's net asset value total return over the period was 2.0% out performing the benchmark return by 0.6%.

When looking at attribution, positive stock selection was partially offset by an overweight position in banks and an underweight position in real estate investment trusts (REITs), the latter which performed very well over the period. Our holdings in emerging market banks were a positive contributor as were our fixed-income holdings.

Mastercard was the biggest contributor to performance, followed by holdings in AJ Bell, the UK investment platform, which was purchased on IPO, and Arch Capital, the US speciality insurer. Conversely the biggest drag on performance was a holding in Swedbank, one of Sweden's largest banks, and some of our US regional bank holdings such as East West Bancorp and SVB Financial Group.

Investment Review

Financial markets suffered a brutal sell-off in December with the S&P 500 Index falling by nearly 15.0% at the worst point on Christmas Eve before staging a partial recovery in the last few days of the year. The fall was sparked by hawkish commentary on the outlook for US interest rates by Jerome Powell, the Chairman of the Federal Reserve, and in particular a statement around the downsizing of the Federal Reserve's balance sheet which he said was on "automatic pilot".

The severity of the falls was not seen as justified and equity markets rallied strongly in January with the momentum of this carrying through to the end of April. The rally was given further impetus by less hawkish commentary from the Federal Reserve about the outlook for interest rates and the pace at which it would shrink its balance sheet. Solid fourth-quarter results also helped underpin the positive turn in sentiment.

However, concern around the escalation of trade tensions between the US and China and a fall in leading indicators resulted in interest rate expectations falling gradually over

the period, with the next move by the Federal Reserve being expected to be a cut in interest rates. Not surprisingly, this acted as a headwind for bank stocks, which are beneficiaries of rising interest rates. US regional banks were particularly weak as they are more sensitive to movements in interest rates.

European politics, particularly around the UK and Italy, have also acted as a headwind for sentiment with the latter getting into a dispute around its budget deficit with the European Commission at the end of the period. As a consequence, Italian bonds fell, putting pressure on Italian banking stocks which had until then performed well. There was some expectation that the ECB would also consider a tiered-deposit scheme to offset the impact of negative interest rates, albeit that subsided after a paper was published by the ECB arguing that negative interest rates had not had a detrimental impact on the banking sector.

Money laundering allegations weighed on sentiment towards Swedish banks. Danske Bank, Denmark's largest bank, had come under significant criticism in 2018 over alleged flows through its Estonian branch. While initially Danske was seen as an exception, other Swedish banks came under suspicion over their money laundering controls, in particular Swedbank, which suffered a sharp fall in its share price and resulted in its CEO and Chairman both being forced to step down.

UK financials rallied on the expectation of a "softer" Brexit as the UK government was forced to concede to the date when the UK could leave the EU being pushed back. However, the rally proved short-lived as the political impasse worsened, leading to the resignation of Prime Minister Theresa May, following the collapse in support for the Conservatives, but also the Labour party and a surge in support for the newly founded Brexit party and pro-remain parties, at the European elections.

Merger & acquisition activity picked up during the period with Deutsche Bank and Commerzbank admitting to talks, which fell through, with other banks also linked to discussions with the latter. In the US, SunTrust and BB&T announced a merger to create the sixth largest bank in the country with one of the reasons given being a need to increase spending on technology to compete against their larger peers. In the UK, Charter Court Financial Services and One Savings Bank, both buy-to-let focused lenders and both holdings in the Trust, also announced a merger.

In May, as trade tensions appeared to ratchet up with the US threatening to impose tariffs on Mexico, bond yields fell

Investment Managers' Report continued

For the half-year to 31 May 2018

further and the market priced in three interest rate cuts by the end of 2020. German 10-year government bond yields fell to -0.2%, levels last seen in 2016. While bank shares fell on the back of this, non-life insurance and REITs saw further share price gains.

We used the sell-off in December to add to our US bank holdings, increasing gearing on the Trust close to 5.0%. However, as the subsequent rally in equity markets, following the sell off, was so strong we took the opportunity to reduce gearing back down and based on our more cautious outlook in the short term we made further sales, in particular reducing some of our US, European and Japanese bank holdings, resulting in the Trust holding net cash at the end of May.

New holdings included AJ Bell, the UK investment platform, which we purchased at IPO, Bank Central Asia, an Indonesian bank and Visa, the payments business, while we also added to holdings in AIA, the life insurer. Holdings in Commonwealth Bank of Australia, Mitsubishi UFJ Financial, Australian and Japanese banks respectively, Indiabulls Housing Finance, an Indian non-bank finance company, and Caixabank, a Spanish bank, were all sold. Holdings in Citigroup, Wells Fargo, and Swedbank were also reduced.

Outlook

The brief bounce we witnessed in the sector in April was lost as financial markets switched to a risk-off mode in May despite more positive macro data in the US and Europe over the month. Sentiment towards the sector remains poor as evidenced by recent conferences where attendance is down sharply and anecdotal observations from sell-side analysts suggest a complete lack of interest from generalist investors.

While Brexit also continues to weigh on sentiment it will have an impact on performance if it reaches some form of resolution. The Trust's exposure to UK domestically focused financials is around 10.0% of the portfolio but as over a third of this is in debt instruments it should have a relatively limited impact on performance. However, with over 85% of the portfolio invested in non-sterling assets then any sharp currency moves will have an impact on absolute NAV performance with any fall in sterling versus other major currencies increasing the NAV and vice versa.

We have felt for a while that the sell-off in financials and fall in bond yields is at odds with the buoyancy in wider equity markets and either the sector is overly discounting a downturn that will be short and shallow at worst, and will see the sector subsequently bounce or that it is correctly forecasting a much sharper slowdown and equity markets have further to fall.

Asset quality, outside some emerging markets, remains resilient and if anything has continued to positively surprise reflecting the relatively benign macro background. It is likely that in the next downturn more losses will occur off-balance sheets where direct or non-bank lenders have taken on

more risk than banks as they no longer want to take certain risks or are no longer allowed by regulators to do so.

Research put out by the research firm Autonomous highlighted the correlation between implied loan losses and the credit to GDP gap i.e. the degree to which loan growth has exceeded nominal GDP in relation to its long-term trend. Not surprisingly the correlation is very high as strong loan growth relative to GDP correlates highly with higher loan losses in a downturn and vice versa reflecting the exuberance or caution to which banks extend new loans. The credit to GDP gap over the last few years has been negative for most developed countries i.e. loan growth has been slower than nominal GDP growth. If the correlation stands then this would suggest there will be very limited pick-up in loan losses if a recession were to occur in the next year. Adding the improvements in underwriting standards, pre and post the financial crisis, think so-called liar loans versus the much more stringent underwriting standards today, a marked deterioration in asset quality would be surprising.

Another area where banks lost significant money during the financial crisis was in trading assets, for example, leveraged loans. There has been understandable concern recently around both the sharp increase in leveraged loan issuance but also the fall in underwriting standards. The banking sector's exposure to leveraged loans has fallen significantly since 2007 and on some estimates it is around US\$80bn, down from close to US\$500bn prior to the financial crisis.

Since the launch of the Trust, the net asset value total return has annualised at over 9% despite recent frustrating performance. But as its performance remains subject to trends in economic data and bond yields so it requires a pick-up in both for a bounce in the short-term. Longer-term, banks will need to show that they can generate higher returns through a downturn than the market currently gives them credit for.

Berkshire Hathaway released its results and Warren Buffett's annual letter to shareholders at the end of February. While we do not own Berkshire Hathaway currently, it is instructive that in the second-half of 2018 he increased their exposure to US banks by \$15bn, starting two new holdings in JP Morgan and PNC Financial and has carried on adding to both in 2019, while highlighting how difficult it is to find attractive investments in any other sector.

In a CNBC interview when talking about his holdings in US banks he stated: "They're very good investments at sensible prices, based on my thinking. And they're cheaper than other businesses that are also good businesses by some margin." We would agree. The sector continues to return significant capital to shareholders reflecting their very strong balance sheets and we remain constructive on the outlook despite it remaining out of favour.

Nick Brind & John Yakas

8 July 2019

Note

We would draw shareholders attention to <http://www.polarcapitalglobalfinancialtrust.co.uk/> for regular monthly portfolio updates and commentary.

* Index performance figures are total return in sterling

Portfolio

As at 31 May 2019

Ranking		Stock	Sector	Geographical Exposure	Market Value £'000		% of total net assets	
2019	2018				31 May 2019	30 Nov 2018	31 May 2019	30 Nov 2018
1	(1)	JP Morgan Chase	Banks	North America	15,897	16,756	5.6%	6.0%
2	(2)	Bank of America	Banks	North America	10,599	12,397	3.8%	4.4%
3	(5)	Mastercard	Software & Services	North America	9,842	7,780	3.5%	2.8%
4	(3)	CHUBB	Insurance	Europe	9,582	8,666	3.4%	3.1%
5	(13)	Arch Capital	Insurance	North America	7,525	6,177	2.7%	2.2%
6	(12)	Marsh & McLennan	Insurance	North America	6,794	6,226	2.3%	2.2%
7	(9)	Toronto-Dominion Bank	Banks	North America	6,421	6,413	2.3%	2.3%
8	(19)	Citizens Financial Group	Banks	North America	5,993	4,954	2.1%	1.8%
9	(10)	US Bancorp	Banks	North America	5,950	6,375	2.1%	2.3%
10	(8)	PNC Financial Services	Banks	North America	5,834	6,772	2.1%	2.4%
Top 10 investments					84,437		29.9%	
11	(60)	AIA Group	Insurance	Asia (ex-Japan)	5,833	1,950	2.1%	0.7%
12	(11)	KBC Groep	Banks	Europe	5,779	6,244	2.0%	2.2%
13	(7)	Sumitomo Mitsui Financial	Banks	Japan	5,694	7,148	2.0%	2.5%
14	(6)	Wells Fargo	Banks	North America	5,468	7,688	1.9%	2.7%
15	(17)	Sampo	Insurance	Europe	5,403	5,487	1.9%	2.0%
16	(18)	Allianz	Insurance	Europe	5,300	4,994	1.9%	1.8%
17	(25)	E Sun Financial	Banks	Asia (ex-Japan)	4,974	4,100	1.8%	1.5%
18	(33)	HDFC Bank	Banks	Asia (ex-Japan)	4,956	3,468	1.8%	1.2%
19	(22)	Banco Santander	Banks	Europe	4,898	4,634	1.7%	1.6%
20	(4)	Citigroup	Banks	North America	4,836	7,952	1.7%	2.8%
Top 20 investments					137,578		48.7%	
21	(23)	Blackstone	Diversified Financials	North America	4,783	4,520	1.7%	1.6%
22	(29)	Mapletree Commercial	Real Estate	Asia (ex-Japan)	4,696	4,045	1.7%	1.4%
23	(20)	First Republic Bank	Banks	North America	4,583	4,938	1.6%	1.8%
24	(21)	ING Groep	Banks	Europe	4,346	4,808	1.5%	1.7%
25	(24)	Solar Capital	Diversified Financials	North America	4,282	4,366	1.5%	1.6%
26	(15)	Keycorp	Banks	North America	4,250	5,785	1.5%	2.0%
27	(34)	Fortune REIT	Real Estate	Asia (ex-Japan)	4,014	3,453	1.4%	1.2%
28	(14)	Oversea-Chinese Banking	Banks	Asia (ex-Japan)	4,002	5,858	1.4%	2.1%
29	(26)	Ares Capital	Diversified Financials	North America	3,968	4,094	1.4%	1.4%
30	(39)	VPC Specialty Lending Investments	Fixed Income	Fixed Income	3,643	3,141	1.3%	1.1%
Top 30 investments					180,145		63.7%	
31	(32)	East West Bancorp	Banks	North America	3,540	3,777	1.3%	1.3%
32	(42)	Tisco Financial	Banks	Asia (ex-Japan)	3,519	3,041	1.3%	1.1%
33	(56)	Lloyds Banking Group	Banks	United Kingdom	3,264	2,392	1.2%	0.9%
34	(43)	Frasers Centrepoint Trust	Real Estate	Asia (ex-Japan)	3,231	2,858	1.1%	1.0%
35	(27)	Pacific Premier Bancorp	Banks	North America	3,208	4,061	1.1%	1.4%
36	(38)	Atom Bank (unquoted)	Banks	United Kingdom	3,191	3,191	1.1%	1.1%
37	(30)	SVB Financial	Banks	North America	3,132	3,927	1.1%	1.4%
38	(50)	TBC Bank	Banks	Eastern Europe	3,070	2,606	1.1%	0.9%
39	(47)	Standard Chartered	Banks	United Kingdom	3,031	2,717	1.1%	1.0%
40	(44)	Nationwide Building Society 10.25% CCDS	Fixed Income	Fixed Income	2,959	2,811	1.0%	1.0%
Top 40 investments					212,290		75.1%	

Portfolio continued

As at 31 May 2019

Ranking		Stock	Sector	Geographical Exposure	Market Value £'000		% of total net assets	
2019	2018				31 May 2019	30 Nov 2018	31 May 2019	30 Nov 2018
41	(61)	Charter Court Financial Services	Banks	United Kingdom	2,958	1,887	1.0%	0.7%
42	(40)	Direct Line Insurance	Insurance	United Kingdom	2,954	3,068	1.0%	1.1%
43	(54)	DNB	Banks	Europe	2,939	2,422	1.0%	0.9%
44	(37)	Intesa Sanpaolo	Banks	Europe	2,929	3,279	1.0%	1.2%
45	(16)	Swedbank	Banks	Europe	2,869	5,702	1.0%	2.0%
46	(45)	P2P Global Investments	Fixed Income	Fixed Income	2,737	2,786	1.0%	1.0%
47	(59)	OneSavings Bank	Banks	United Kingdom	2,713	2,077	1.0%	0.7%
48	(46)	International Personal Finance 5.75% Bond	Fixed Income	Fixed Income	2,704	2,781	1.0%	1.0%
49	(48)	BOC Hong Kong	Banks	Asia (ex-Japan)	2,685	2,693	1.0%	0.9%
50	(-)	Enterprise Financial Services	Banks	North America	2,666	-	1.0%	-
Top 50 investments					240,444		85.1%	
51	(36)	UBS Group	Banks	Europe	2,644	3,385	1.0%	1.2%
52	(-)	Bank Central Asia	Banks	Asia (ex-Japan)	2,631	-	0.9%	-
53	(52)	City of London Investment Group	Diversified Financials	United Kingdom	2,619	2,451	0.9%	0.9%
54	(53)	Sparebank SMN	Banks	Europe	2,614	2,443	0.9%	0.9%
55	(28)	BNP Paribas	Banks	Europe	2,498	4,047	0.9%	1.4%
56	(57)	Pennant Park Floating Rate Capital	Diversified Financials	North America	2,283	2,384	0.8%	0.8%
57	(49)	Bank of N. T. Butterfield	Banks	North America	2,256	2,666	0.8%	0.9%
58	(58)	Aldemore Group Plc 8.5% Bond	Fixed Income	Fixed Income	2,177	2,204	0.8%	0.8%
59	(-)	AJ Bell	Diversified Financials	United Kingdom	2,036	-	0.7%	-
60	(62)	Arrow Global Group	Diversified Financials	United Kingdom	1,933	1,876	0.7%	0.7%
Top 60 investments					264,135		93.5%	
61	(-)	Visa	Software & Services	North America	1,797	-	0.6%	-
62	(-)	Intact	Insurance	North America	1,769	-	0.6%	-
63	(63)	Phoenix Life 7.25% Bond	Fixed Income	Fixed Income	1,706	1,749	0.6%	0.6%
64	(64)	Aegon Floating Rate Bond	Fixed Income	Fixed Income	1,667	1,652	0.6%	0.6%
65	(66)	Amigo Luxembourg 7.625% Bond	Fixed Income	Fixed Income	1,522	1,461	0.6%	0.5%
66	(-)	HSBC Floating Rate Bond	Fixed Income	Fixed Income	1,168	-	0.4%	-
67	(68)	Pension Insurance 6.5% Bond	Fixed Income	Fixed Income	1,090	1,066	0.4%	0.4%
68	(69)	International Personal Finance 6.125% Bond	Fixed Income	Fixed Income	914	871	0.3%	0.3%
69	(70)	Augmentum FinTech	Diversified Financials	United Kingdom	810	738	0.3%	0.3%
Total investments					276,578		97.9%	
Other net assets					6,049		2.1%	
Total assets					282,627		100.0%	

Note: Figures in brackets denote comparative rankings as at 30 November 2018.

Portfolio Analysis



Geographical Exposure*	Benchmark weighting as at 31 May 2019**	31 May 2019	30 November 2018
● North America	58.0%	45.1%	46.1%
● Europe	16.3%	18.2%	21.2%
● Asia (ex-Japan)	11.6%	14.5%	14.5%
● United Kingdom	7.3%	9.0%	8.5%
● Fixed Income	–	8.0%	7.3%
● Japan	6.5%	2.0%	3.4%
● Eastern Europe	–	1.1%	0.9%
● Other net assets/(liabilities)	–	2.1%	(1.9%)
Total		100.0%	100.0%



Sector Exposure*	Benchmark weighting as at 31 May 2019**	31 May 2019	30 November 2018
● Banks	40.5%	57.7%	66.7%
● Insurance	20.6%	15.9%	13.1%
● Diversified Financials	21.3%	8.0%	8.4%
● Fixed Income	–	8.0%	7.3%
● Real Estate	17.6%	4.2%	3.6%
● Software & Services	–	4.1%	2.8%
● Other net assets/(liabilities)	–	2.1%	(1.9%)
Total		100.0%	100.0%

Market Cap*	Benchmark weighting as at 31 May 2019	31 May 2019	30 November 2018
Large (>US\$5bn)	98.6%	77.8%	82.9%
Medium (US\$0.5bn – US\$5bn)	1.4%	15.9%	14.9%
Small (<US\$0.5bn)	–	4.2%	4.1%
Other net assets/(liabilities)	–	2.1%	(1.9%)
Total		100.0%	100.0%

* Based on the net assets as at 31 May 2019 of £282.6m (30 November 2018: £281.0m)

Corporate Matters and Statement of Directors' Responsibilities

As at 31 May 2019

Corporate Matters

Principal Risks and Uncertainties

The Directors consider that the principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, remain consistent with those outlined in the Annual Report for the year ended 30 November 2018.

These principal risks can be summarised as business risks, including meeting the investment objective of the Company, and market-related risks encompassing factors such as excessive share price discount to NAV, market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk, gearing and the ability to meet the dividend policy. Other principal risks include infrastructure risks, including the performance of the operational and accounting systems and processes provided by the Investment Manager, taxation, mis-valuation and legal and regulatory risks; and external risks which focuses on the exposure to the economic cycles of the markets of the underlying investments. The Investment Manager's Report comments on the performance in the period under review and the outlook for market-related risks.

The Company's risk management framework is a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by geography which mitigates risk, but the portfolio is focused on a single sector, being financials, which means that it may be more sensitive to investor sentiment than a non-sector specific investment portfolio. To further mitigate risk the investments are diversified across a variety of sub-sectors including banking, insurance, property and others.

Going Concern

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements. In establishing such a position, the Board refer to the longer-term viability statement as published within the Annual Report and Financial Statements for the year ended 30 November 2018.

Additionally, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expenses and concluded that the Company is able to continue its operations and meet its expenses and liabilities as they fall due until proposals in respect of the fixed life end date of the Company are made at the seventh AGM of the Company expected to be held in April 2020. The Directors have a reasonable expectation that any proposals so made will be passed. The Directors have not identified any material uncertainties in relation to the Company's ability to continue in operation. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial results of the Company.

Related Party Transactions

In accordance with DTR 4.2.8R there have been no new related party transactions during the six-month period to 31 May 2019 and therefore nothing to report of any material effect by such transactions on the financial position or performance of the Company during that period. There have therefore been no changes in any related party transaction described in the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year or to the date of this report.

Statement of Directors' Responsibilities

As at 31 May 2019

The Directors of Polar Capital Global Financials Trust plc, who are listed in the Company Information section, confirm to the best of their knowledge that:

- The condensed set of financial statements has been prepared in accordance with IAS34 as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at 31 May 2019 as required by the Disclosure and Transparency Rules 4.2.4R; and
- The Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

The half-year financial report for the six-month period to 31 May 2019 has not been audited or reviewed by the Auditors.

The half-year financial report for the six months ended 31 May 2019 was approved by the Board on 8 July 2019 and the responsibility statement was signed on its behalf by Robert Kyprianou, Chairman of the Board.

On behalf of the Board

Robert Kyprianou

Chairman

Statement of Comprehensive Income

For the half-year ended 31 May 2019

	Notes	(Unaudited)			(Unaudited)			(Audited)		
		Half-year ended 31 May 2019			Half-year ended 31 May 2018			Year ended 30 November 2018		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	2	7,276	–	7,276	6,998	–	6,998	11,674	–	11,674
Other operating income	2	18	–	18	7	–	7	23	–	23
Gains/(losses) on investments held at fair value		–	281	281	–	(5,227)	(5,227)	–	(11,630)	(11,630)
Other currency losses		–	(54)	(54)	–	(72)	(72)	–	(63)	(63)
Total income		7,294	227	7,521	7,005	(5,299)	1,706	11,697	(11,693)	4
Expenses										
Investment management fee		(222)	(888)	(1,110)	(242)	(966)	(1,208)	(475)	(1,900)	(2,375)
Other administrative expenses		(300)	(13)	(313)	(271)	(29)	(300)	(506)	(15)	(521)
Total expenses		(522)	(901)	(1,423)	(513)	(995)	(1,508)	(981)	(1,915)	(2,896)
Profit/(loss) before finance costs and tax		6,772	(674)	6,098	6,492	(6,294)	198	10,716	(13,608)	(2,892)
Finance costs		(33)	(134)	(167)	(34)	(134)	(168)	(69)	(274)	(343)
Profit/(loss) before tax		6,739	(808)	5,931	6,458	(6,428)	30	10,647	(13,882)	(3,235)
Tax		(476)	41	(435)	(546)	48	(498)	(1,090)	227	(863)
Net profit/(loss) for the period and total comprehensive income/(expense)		6,263	(767)	5,496	5,912	(6,380)	(468)	9,557	(13,655)	(4,098)
Earnings/(losses) per ordinary share (pence)	3	3.09	(0.38)	2.71	2.92	(3.15)	(0.23)	4.71	(6.73)	(2.02)

The total return column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The amounts dealt with in the Statement of Comprehensive Income are all derived from continuing activities.

The notes to follow form part of these financial statements.

Statement of Changes in Equity

For the half-year ended 31 May 2019

(Unaudited) Half-year ended 31 May 2019							
	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 December 2018	10,139	251	55,854	139,235	67,469	8,036	280,984
Total comprehensive (expense)/ income:							
(Loss)/profit for the half-year ended 31 May 2019	–	–	–	–	(767)	6,263	5,496
Transactions with owners, recorded directly to equity:							
Equity dividends paid	–	–	–	–	–	(3,853)	(3,853)
Total equity at 31 May 2019	10,139	251	55,854	139,235	66,702	10,446	282,627

(Unaudited) Half-year ended 31 May 2018							
	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 December 2017	10,139	251	55,852	139,235	81,124	6,691	293,292
Total comprehensive (expense)/ income:							
(Loss)/profit for the half-year ended 31 May 2018	–	–	–	–	(6,380)	5,912	(468)
Transactions with owners, recorded directly to equity:							
Conversion of subscription shares – prior year adjustment	–	–	2	–	–	–	2
Equity dividends paid	–	–	–	–	–	(3,650)	(3,650)
Total equity at 31 May 2018	10,139	251	55,854	139,235	74,744	8,953	289,176

(Audited) Year ended 30 November 2018							
	Called up share capital £'000	Capital redemption reserve £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'000
Total equity at 1 December 2017	10,139	251	55,852	139,235	81,124	6,691	293,292
Total comprehensive (expense)/ income:							
(Loss)/profit for the year ended 30 November 2018	–	–	–	–	(13,655)	9,557	(4,098)
Transactions with owners, recorded directly to equity:							
Conversion of subscription shares – prior year adjustment	–	–	2	–	–	–	2
Equity dividends paid	–	–	–	–	–	(8,212)	(8,212)
Total equity at 30 November 2018	10,139	251	55,854	139,235	67,469	8,036	280,984

The notes to follow form part of these financial statements.

Balance Sheet

As at 31 May 2019

Notes	(Unaudited) 31 May 2019 £'000	(Unaudited) 31 May 2018 £'000	(Audited) 30 November 2018 £'000
Non-current assets			
Investments held at fair value through profit or loss	276,578	295,978	286,424
Current assets			
Receivables	972	1,525	1,439
Corporation tax receivable	–	30	30
Overseas tax recoverable	331	125	184
Cash and cash equivalents	20,229	14,504	8,363
	21,532	16,184	10,016
Total assets	298,110	312,162	296,440
Current liabilities			
Payables	(483)	(486)	(456)
Bank loan	(15,000)	(22,500)	(15,000)
	(15,483)	(22,986)	(15,456)
Net assets	282,627	289,176	280,984
Equity attributable to equity shareholders			
Called up share capital	10,139	10,139	10,139
Capital redemption reserve	251	251	251
Share premium reserve	55,854	55,854	55,854
Special distributable reserve	139,235	139,235	139,235
Capital reserves	66,702	74,744	67,469
Revenue reserve	10,446	8,953	8,036
Total equity	282,627	289,176	280,984
Net asset value per ordinary share (pence)	4	139.38	142.61
		138.57	

The notes to follow form part of these financial statements.

Robert Kyprianou

Chairman
8 July 2019

Cash Flow Statement

For the half-year ended 31 May 2019

	(Unaudited) Half-year ended 31 May 2019 £'000	(Unaudited) Half-year ended 31 May 2018 £'000	(Audited) Year ended 30 November 2018 £'000
Cash flows from operating activities			
Profit/(loss) before tax	5,931	30	(3,235)
Adjustment for non-cash items:			
(Gains)/losses on investments held at fair value through profit or loss	(281)	5,227	11,630
Scrip dividends received	–	–	(146)
Amortisation on fixed interest securities	(68)	(36)	(93)
Adjusted profit before tax	5,582	5,221	8,156
Adjustments for:			
Purchases of investments, including transaction costs	(26,732)	(33,368)	(56,569)
Sales of investments, including transaction costs	37,524	27,769	53,727
Increase in receivables	(130)	(769)	(76)
Increase in payables	27	93	63
Overseas taxation deducted at source	(552)	(525)	(959)
Net cash generated from/(used in) operating activities	15,719	(1,579)	4,342
Cash flows from financing activities			
Cost of subscription shares conversion	–	2	2
Loan repaid	–	–	(22,500)
Loan drawn	–	12,500	27,500
Equity dividends paid	(3,853)	(3,650)	(8,212)
Net cash (used in)/generated from financing activities	(3,853)	8,852	(3,210)
Net increase in cash and cash equivalents	11,866	7,273	1,132
Cash and cash equivalents at the beginning of the period	8,363	7,231	7,231
Cash and cash equivalents at the end of the period	20,229	14,504	8,363

The notes to follow form part of these financial statements.

Notes to the Financial Statements

For the half-year ended 31 May 2019

1 General Information

The financial statements comprise the unaudited results for Polar Capital Global Financials Trust Plc for the six-month period to 31 May 2019.

The unaudited financial statements to 31 May 2019 have been prepared using the accounting policies used in the Company's financial statements to 30 November 2018. These accounting policies are based on International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Accounting Standards Committee ("IASC"), as adopted by the European Union.

The financial information in this half-year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The financial information for the periods ended 31 May 2019 and 31 May 2018 have not been audited. The figures and financial information for the year ended 30 November 2018 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 November 2018, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Company's accounting policies have not varied from those described in the financial statements for the year ended 30 November 2018.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise stated.

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements, on the assumption that any proposals made in respect of the fixed life end date are passed by Shareholders at the seventh AGM of the Company expected to be held in April 2020. The assets of the Company comprise mainly of securities that are readily realisable and accordingly, the Company has adequate financial resources to meet its liabilities as they fall due. See Corporate Matters section on page 9 for further details.

2 Dividends and other income

	(Unaudited) For the half- year ended 31 May 2019 £'000	(Unaudited) For the half- year ended 31 May 2018 £'000	(Audited) For the year ended 30 November 2018 £'000
Investment income			
Revenue:			
UK dividends	969	1,078	1,712
Overseas dividends	5,737	5,472	8,912
Scrip dividends	–	–	146
Interest on debt securities	570	448	904
Total investment income allocated to revenue	7,276	6,998	11,674
Other operating income			
Bank interest	18	7	23
Total other operating income	18	7	23

Notes to the Financial Statements continued

For the half-year ended 31 May 2019

3 Earnings/(losses) per ordinary share

	(Unaudited) For the half- year ended 31 May 2019 £'000	(Unaudited) For the half- year ended 31 May 2018 £'000	(Audited) For the year ended 30 November 2018 £'000
Basic earnings/(losses) per share			
Net profit/(loss) for the period:			
Revenue	6,263	5,912	9,557
Capital	(767)	(6,380)	(13,655)
Total	5,496	(468)	(4,098)
Weighted average number of shares in issue during the period			
	202,775,000	202,775,000	202,775,000
Basic – ordinary shares (pence)			
Revenue	3.09p	2.92p	4.71p
Capital	(0.38)p	(3.15)p	(6.73)p
Total	2.71p	(0.23)p	(2.02)p

There is no dilutive effect on the earnings per ordinary share in the period under review as the subscription shares were converted into ordinary shares at the conversion date of 31 July 2017 (31 May 2018 and 30 November 2018: same).

4 Net asset value per Ordinary share

	(Unaudited) For the half- year ended 31 May 2019	(Unaudited) For the half- year ended 31 May 2018	(Audited) For the year ended 30 November 2018
Net assets attributable to ordinary shareholders (£'000)	282,627	289,176	280,984
Ordinary shares in issue at end of period	202,775,000	202,775,000	202,775,000
Net asset value per ordinary share (pence)	139.38	142.61	138.57

As at 31 May 2019 there were no potentially dilutive shares in issues (31 May 2018 and 30 November 2018: same).

Notes to the Financial Statements continued

For the half-year ended 31 May 2019

5 Share capital

There has been no ordinary share activity during the six month period to 31 May 2019.

6 Dividends

The first interim dividend for the year ending 30 November 2019 was declared on 3 July 2019 and will be paid on 30 August 2019; it is anticipated that the second interim dividend for the year ending 30 November 2019 will be declared in or around December 2019 and will be paid on 28 February 2020.

7 Related party transactions

There have been no related party transactions that have materially affected the financial positions or the performance of the Company during the six month period to 31 May 2019.

8 Post balance sheet events

There are no significant events that have occurred after the end of the reporting period to the date of this report requiring disclosure.

Forward-looking Statements

Certain statements included in this half-year Report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Annual Report for the financial year ended 30 November 2018. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Financials Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

Company Information

Directors

Robert Kyprianou, Chairman
Simon Cordery (appointed on 1 July 2019)
Joanne Elliott
Katrina Hart

Company Registration Number

8534332

(Registered in England) The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Investment Manager and AIFM

Polar Capital LLP
16 Palace Street
London SW1E 5JD

Authorised and regulated by the Financial Conduct Authority.

Telephone: 020 7227 2700
www.polarcapital.co.uk

Fund Managers

Mr Nick Brind and Mr John Yakas

Secretary

Polar Capital Secretarial Services Limited
represented by Tracey Lago, FCIS

Registered Office

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London SW1E 5JD

Independent Auditors

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Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors

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London EC2A 2HS

Stockbrokers

Panmure Gordon & Co

1 New Change
London EC4M 9AF

Depository, Bankers and Custodian

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8 Canada Square
London E14 5HQ

Registrars

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Shareholder helpline 0371 384 2476
(or +44 121 415 7047)

www.shareview.co.uk

Shareholders who have their shares registered in their own name, not through a share savings scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and Internet contact details are given above.

In correspondence you should refer to Polar Capital Global Financials Trust plc, stating clearly the registered name and address and if available, the full account number.

Identification Codes

Ordinary shares

SEDOL: B9XQT11
ISIN: GB00B9XQT119
TICKER: PCFT

GIIN: 8KP5BT.99999.SL.826

LEI: 549300G5SWN8EP2P4U41

Website

www.polarcapitalglobalfinancialtrust.co.uk



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