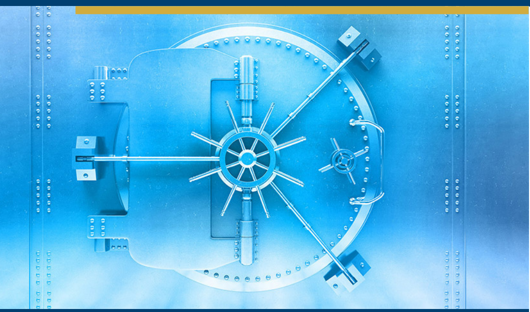
Polar Capital Global Financials Trust plc

31 December 2024



Trust Fact Sheet

Ordinary Shares

Share Price	191.40p
NAV per share	202.37p
Premium	-
Discount	-5.42%
Capital	303,219,365 shares of 5p*

*Excluding Ordinary shares held in treasury

Assets & Gearing [1]

Total Net Assets	£613.6m
AIC Gearing Ratio	3.15%
AIC Net Cash Ratio	n/a

Fees [2]

Management	0.70%
Performance	10.00%
Ongoing Charges	0.86%

Historic Yield (%) [3] 2.40

Dividends (pence per share)

August 2024 (Paid)	2.50
February 2024 (Paid)	2.10
August 2023 (Paid)	2.45
February 2023 (Paid)	2.05

Fund Managers

Nick Brind
Fund Manager
Nick has co-managed the Trust since launch, he joined Polar Capital in 2010 and has 30 years of industry experience.

George Barrow
Fund Manager
George has co-managed the Trust since 2020, he joined Polar Capital in 2010 and has 17 years of industry experience.

Tom Dorner
Fund Manager
Tom has co-managed the Trust since 2024, he joined Polar Capital in 2023 and has 23 years of industry experience.

Trust Profile

Investment Objective

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

Key Facts

- The only UK-listed Investment Trust solely focused on financials
- Twin objectives of growing investors' dividend income and capital
- A broad, global multi-cap remit
- Large dedicated investment team with over 95 years of experience in the sector

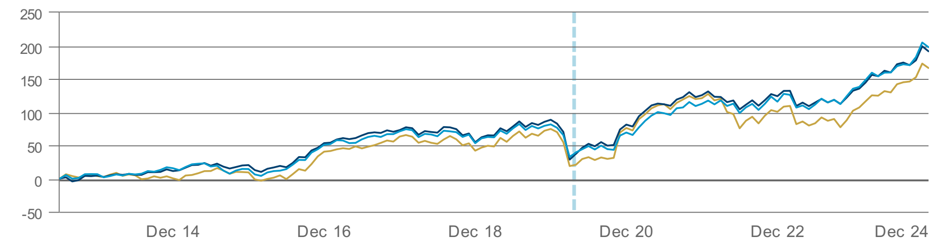
Investment Policy

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 (%)

Ordinary Share Price (TR) [4]
NAV per Share (TR)
MSCI ACWI Financials (NTR) [5]



	1m	3m	YTD	1yr	3yrs	Since Tender [5]	Since Launch
Ordinary Share Price (TR)	-2.45	8.26	31.76	31.76	20.56	122.67	166.43
NAV per Share (TR)	-2.54	7.70	25.53	25.53	29.29	124.05	191.56
MSCI ACWI Financials (NTR)	-2.30	9.95	26.54	26.54	40.06	122.88	197.74

Discrete Annual Performance (%)

	Financial YTD	29.12.23 31.12.24	30.12.22 29.12.23	31.12.21 30.12.22	31.12.20 31.12.21	31.12.19 31.12.20
Ordinary Share Price (TR)	-2.45	31.76	0.81	-9.24	25.38	0.85
NAV per Share (TR)	-2.54	25.53	3.67	-0.65	24.37	-3.85
MSCI ACWI Financials (NTR)	-2.30	26.54	9.03	1.52	25.50	-6.75

Calendar Year Performance (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Ordinary Share Price (TR)	31.76	0.81	-9.24	25.38	0.85	23.02	-13.01	16.16	28.52	8.94
NAV per Share (TR)	25.53	3.67	-0.65	24.37	-3.85	21.90	-10.59	12.78	27.40	8.08
MSCI ACWI Financials (NTR)	26.54	9.03	1.52	25.50	-6.75	18.49	-10.42	13.34	31.94	-1.07

Performance relates to past returns and is not a reliable indicator of future returns.
Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP terms.
The Net Asset Value (NAV) at launch 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.
1. Gearing calculations are exclusive of current year revenue/loss.
2. Management fees are charged 80% to capital and 20% to revenue. Performance fees are allocated 100% to capital. The management fee is calculated against the NAV. The performance fee is subject to a maximum cap and calculation against a hurdle. Ongoing charges (OCR) are calculated at the latest published year end date, excluding any performance fees. Ongoing Charges are the total operating expenses, excluding any performance fee, of the Company expressed as a percentage of the average daily net asset value during the year. The OCR shows the annual percentage reduction in the net asset value as a result of the costs of running the Company. The OCR for the year to 30 November 2023 was 0.86%. The figures are current estimates and may change in the future. Please see the Annual Report and Financial Statements for further information about the calculation of fees.
3. 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.
4. Ordinary share price (TR) is calculated by reinvesting dividends at relevant ex-dividend dates, not taking into account returns shareholders would have received from the subscription shares issued at launch. Please note subscription shares were subject to a single exercise date being 31 July 2017.
5. The MSCI ACWI Financials Net Total Return Index was adopted as the Trust's benchmark in April 2020.
6. The tender offer carried out on 22 April 2020 following approval to extend the Company's life indefinitely is represented by the blue dotted line on the performance graph. From 23 April 2020 the performance fee is calculated on outperformance of the benchmark index +1.5% per annum, compounded annually.
Risk Warning Your capital is at risk. You may not get back the full amount you invested. Please note the Risks and 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 originally invested. FE Alpha Manager Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision.

Portfolio Exposure

As at 31 December 2024

Top 10 Positions (%)

JPMorgan	6.9
Mastercard	4.5
Bank of America	3.8
Visa	3.7
Goldman Sachs Group	2.5
Citigroup	2.2
Barclays	2.2
Erste Group Bank AG	2.2
Berkshire Hathaway	2.1
Sumitomo Mitsui Financial	2.1
Total	**32.3**

Total Number of Positions	**84**
Active Share	**72.70%**

Market Capitalisation Exposure (%) [1]

Mega Cap	32.8
Large Cap	25.0
Mid Cap	17.4
Small Cap	14.4
Smallest Cap	10.4

Trust Characteristics

Launch Date	01 July 2013
Year End	30 November
Results Announced	Late Jan/Feb
Next AGM	March-May
Trust Term	No fixed life; 5 yearly tender offers
Next Tender Offer	By 30 June 2025
Listed	London Stock Exchange

Benchmark

MSCI ACWI Financials Net Total Return Index (in Sterling)

Codes

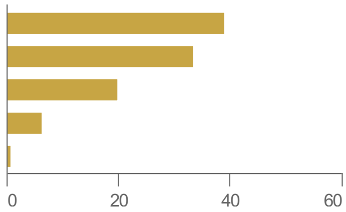
Ordinary Shares

ISIN	GB00B9XQT119
SEDOL	B9XQT11
London Stock Exchange	PCFT

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.

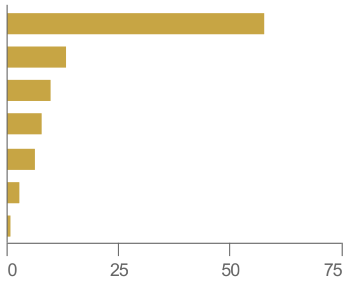
Sector Exposure (%)

Financial Services	39.0
Banks	33.7
Insurance	19.9
Fixed Income	6.6
REITs	0.7



Geographic Exposure (%)

North America	58.1
Europe	13.5
UK	10.0
Asia Pac (ex-Japan)	7.9
Fixed Income	6.6
Japan	3.0
Latin America	0.8



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.

Note: Totals may not sum due to rounding. 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.

1. Market capitalisation ranges are defined by Polar Capital and are subject to change.

Investing in the Trust and Shareholder Information

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.

Share Dealing Services

Details of the different ways of dealing in the company's shares are given on the website. Equiniti, the company's registrars provide an internet share sale service.

Telephone 0800 876 6889
Online www.shareview.co.uk

Corporate Contacts

Registered Office and Website
16 Palace Street, London SW1E 5JD
www.polarcapitalglobalfinancialstrust.com

Registrar
Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
www.shareview.co.uk

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

Fund Managers' Comments

Market review

Global equity markets succumbed to profit-taking in December as Fed Chair Jerome Powell made hawkish[1] comments about the outlook for US interest rates leading to a sharp increase in yields on 10-year US Treasuries. Financials were not immune and fell 2.3%, as illustrated by the Trust's benchmark, the MSCI All Country World Financials Index. Against this background the Trust's net asset value fell 2.5% with an underweight to China and holdings in RenaissanceRe Holdings, a Bermudan reinsurer, and Allfunds Group, an investment platform, being the biggest drags on performance, offsetting stronger performance from European bank holdings such as Erste Group.

US financials fell 3.9% in December, following a 12.2% rise in November, with US insurance stocks counterintuitively seeing the greatest pullback, down 6.4% over the month, although banks were also weak. Insurance stocks have materially underperformed the wider sector over the past three months largely due to investors rotating away from defensive and into cyclical stocks as the outlook for the US economy has improved and the consequences of the election of Donald Trump are understood.

European financials rose over the month while Asian financials were also relatively resilient, supported by strength in China and to a lesser extent Japan although the latter was offset by weakness in the yen. Chinese financials, up 9.2% over the month, reacted positively to a series of government announcements detailing both fiscal and monetary stimulus measures to revive the economy.

Outlook

Global financials, as per the Trust's benchmark, rose 26.5% in 2024 compared to the wider equity market which rose 19.6% as investors bought into the soft-landing narrative for the US economy. This is the third year out of the past four that financials have outperformed and the sixth best calendar year for performance going back to 1995, as per MSCI data. Similarly, on a calendar year basis, one has to go back to 2007-12 to find a five-year period where the total returns would have been negative, not surprisingly reflecting the impact of the global financial and Eurozone crises on share prices.

From a valuation perspective, the closing scores at the end of December had the sector trading on a forecast calendar year 2026 P/E[2] multiple of 12.6x compared to global equity markets on 18.1x while the US equity market (the S&P 500 Index) was on 21.7x. The discount at which the sector has traded relative to wider equity markets increased materially in the lead up to the pandemic, reaching its peak of around 45% in October 2020. Today, the discount has reduced to just under 30%, which is where it was trading before the pandemic, compared to c15% in July 2013 when the Trust was launched, albeit today profitability is higher than at the end of 2019 and in 2013.

Within the sector, banks and insurance companies are the biggest contributors to that low P/E multiple, at 10.0x and 11.6x respectively, but it is within European banks, which trade on 7x, where some of the deepest value continues to be found. However, one has to go outside developed markets to, for example China, Brazil or Mexico, to find banks trading on lower valuations. At the other end of the spectrum, while one can find banks in India and Indonesia that trade on much higher multiples, albeit for good reason, in developed markets it is Australian banks on 19.2x which are at odds with fundamentals.

The Trust's largest exposure is to US financials that should be beneficiaries of a lighter regulatory regime and a more favourable environment for M&A in 2025 due to the election of Trump. Lighter regulation has its risks, but the increased regulation that financial services companies have been hit with over the past 15 years has led to a level of complexity and regulatory overlap that damages economic activity and often increases costs for little or no benefit. There were proposals in 2023 for a substantial increase in US bank capital requirements. We saw these as misplaced and unsurprisingly they have been watered down since, and after Trump's inauguration we would expect to see further revision.

We continue to like European banks and, selectively, some Asian banks. Our reticence for not owning more of either is motivated by the headwinds for anaemic growth in Europe and Asia with tail risks from US tariffs. Similarly, while we like Mexican banks, we are happy to sit on the sidelines for now until we see better risk/reward. Also, we do not like Australian banks on their current valuation multiples. Not owning them was a drag on performance in 2024, but we do not believe the laws of gravity have changed and expect their shares to continue to perform poorly.

The move higher in interest rate expectations and government bond yields over the past month and into the New Year, particularly in the UK, will have positive and negative consequences for the sector. All things being equal, most banks and insurance companies will be more profitable than they would if interest rates were cut as expected. However, banks and insurance companies are exposed to credit risk so conversely there will be added concern around the potential for an increase in bad debts, with the former much more sensitive to this issue.

We have long argued that there is a correlation between loan growth and loan losses. With banks having not grown their loan books materially over recent years, it would take a significant economic downturn to generate losses that could justify the current multiples that some bank shares trade on. A UK banking analyst from research firm KBW summed it up succinctly in a recent note, with an analogy that can be extrapolated to other banking markets: "In recent years, UK banks have survived a fall in GDP of 10%, interest rates rising by 5% and inflation peaking at more than 11% with zero credit problems." Consequently, we continue to believe the market is not giving the sector the credit it deserves for that reduction in risk.

[1]Comments in support of higher interest rates to control inflation, which can slow economic growth

[2]P/E stands for price-to-earnings ratio, which relates a company's share price to its earnings per share

Nick Brind, George Barrow and Tom Dorner

10 January 2025

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.

Risks

- Investors' capital is at risk and there is no guarantee the Company will achieve its objective.
- Past performance is not a reliable guide to future performance.
- The value of investments may go down as well as up.
- Investors might get back less than they originally invested.
- The value of an investment's assets may be affected by a variety of uncertainties such as (but not limited to): (i) international political developments; (ii) market sentiment; and (iii) economic conditions.
- The shares of the Company may trade at a discount or a premium to Net Asset Value.
- The Company may use derivatives which carry the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions.
- The Company invests in assets denominated in currencies other than the Company's base currency and changes in exchange rates may have a negative impact on the value of the Company's investments.
- The Company invests in a concentrated number of companies based in one sector. This focused strategy can lead to significant losses. The Company may be less diversified than other investment companies.
- The Company may invest in emerging markets where there is a greater risk of volatility than developed economies, for example due to political and economic uncertainties and restrictions on foreign investment. Emerging markets are typically less liquid than developed economies which may result in large price movements to the Company.

Glossary

Active Share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its benchmark. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the benchmark. An active share of 100 indicates no overlap with the benchmark and an active share of zero indicates a portfolio that tracks the benchmark.

Alpha is the excess return on an investment in the Company compared to the benchmark and can be used as a measure of performance, where the benchmark is considered to represent the market's movement as a whole.

Derivates are instruments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates.

Discount is where the share price of an investment company is lower than the net asset value per share.

Discrete Performance is the percentage performance of an investment over specific, defined time periods.

Emerging markets are countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.

Gearing is all external borrowings of the Company and any subsidiaries.

Management Fee is the entitlement of the Investment Manager to an annual management fee. Please see the Explanation of Fee Arrangements available on the Company's website for further information, found at: https://www.polarcapitalglobalfinancialstrust.com/Key-Information/#/Overview

"NAV" or **"Net Asset Value"** has the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the Company's accounting policies, applicable accounting standards and the Company's constitution.

Ongoing Charges are the measure of what it costs to run the Company, including the Management Fee and other operating costs; these costs are not passed on to investors in the price they pay for the shares of the Company.

Premium is where the share price of an investment company is higher than the net asset value per share.

For a complete glossary of investment terms, please refer to the Trust's website: https://www.polarcapitalglobalfinancialstrust.com/Glossary/

Important Information

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Performance and Holdings All data is as at the document date unless indicated otherwise. Company holdings and performance are likely to have changed since the report date. Company information is provided by the Investment Manager.

Benchmark The Company is actively managed and uses the MSCI ACWI Financials Net TR Index as a performance target and to calculate the performance fee. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Company invests. The performance of the Company is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found www.msci.com.

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Further Information about the Company Investment in the Company is an investment in the shares of the Company and not in the underlying investments of the Company. Further information about the Company and any risks can be found in the Company's Key Information Document, the Annual Report and Financial Statements and the Investor Disclosure Document which are available on the Company's website, found at: https://www.polarcapitalglobalfinancialstrust.com