POLAR CAPITAL

Polar Capital Global Financials Trust plc

Financials: positioned for a rising interest rate environment

As inflation and the cost of living mounts, financial stocks are typically one of the few beneficiaries from rising rates.

This large and diverse sector, which includes banks, insurance companies, asset managers, stock exchanges and fintech companies, offers a compelling investment case today. Can investors afford to overlook this long-term opportunity?

Trust Facts

Launch Date
1 July 2013

Active share
68.62%

AMC
0.70%

Performance fee
10% subject to annual hurdle[1]

Dividend yield[2]
3.04%

Total net assets
£518.90m

Legal structure
Closed Ended Investment Company

Domicile
United Kingdom

Listed
London Stock Exchange

Ticker
PCFT

1. The performance fee is on any outperformance over a hurdle of the index +1.50% compounded annually paid end of fifth year.

2. Source: Polar Capital, 29 July 2022. Past performance is not indicative or a guarantee of future results.

Kepler INCOME RATING

Trust Highlights

- **The only UK-listed investment trust focused solely on financials**
- **A dual focus on dividend and capital growth**
- **Actively managed and not benchmark-driven**
- **Broad global, multi-cap remit; typically 90% ex UK exposure**
- **Managed by a team of 5 sector specialists with almost 100 years' investment experience**

Nick Brind
Fund Manager

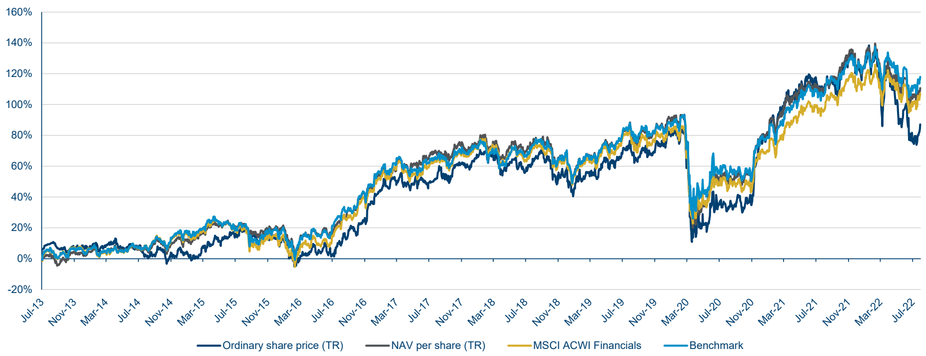
John Yakas
Fund Manager

George Barrow
Fund Manager

> *"PCFT is capturing the benefit of the (financial) sector's good fortune. Its globally-diversified portfolio offers exposure to much better-quality financial stocks than are commonly available to UK investors."*
>
> **Head of Investment Company Research, Marten & Co**

Performance track record

Performance since launch



Source: Bloomberg & HSBC Securities Services (UK) Limited, percentage growth, Net of Fees in GBP as at 29 July 2022. 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**. Benchmark data above illustrates linked performance of the following benchmarks utilised by the Trust: Launch to 31 August 2016: MSCI World Financials Index; 1 September 2016 to 22 April 2020: MSCI World Financials + Real Estate Index; and since 23 April 2020: MSCI ACWI Financials. All indices are net total return (£). From 23 April 2020 the performance fee is calculated on outperformance of the benchmark index +1.5% per annum, compounded annually. 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.

Cumulative Performance

	1 Year	3 Years	Since Tender	Since Launch
Ordinary Share price (TR) %	-8.55	9.40	56.35	87.07
NAV per Share (TR) %	0.80	13.14	61.35	110.70
Benchmark[1] %	5.83	17.20	55.11	117.93
MSCI ACWI Financials (NTR) %	5.83	13.71	55.11	107.21

Discrete Performance

	Financial YTD	Jul 21 - Jul 22	Jul 20 - Jul 21	Jul 19 - Jul 20	Jul 18 - Jul 19	Jul 17 - Jul 18
Ordinary Share price (TR) %	-14.86	-8.55	59.78	-25.13	7.63	7.27
NAV per Share (TR) %	-4.98	0.80	40.55	-20.14	4.78	5.51
Benchmark %	-0.96	5.83	36.10	-18.63	6.78	5.88
MSCI ACWI Financials (NTR) %	-0.96	5.83	36.10	-21.06	5.89	5.73

Source: Bloomberg, 1 July 2013 to 29 July 2022. **1.** Performance of the MSCI ACWI Financials Net Total Return Index (excluding Real Estate, in Sterling) from the Trust's inception is used for illustrative purposes only. This data was sourced from Lipper on the 11 August 2022 (data quoted from 1 July 2013 through 29 October 2021). Based on Polar Capital Global Financials Trust NAV per share, net of fees in GBP terms. Sector: Lipper Global Equity Financials (mutual Funds). **Past performance is not indicative or a guarantee of future results.** It should not be assumed that recommendations made in the future will be profitable or will equal the performance of securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

Financials: coming in from the cold

Central banks globally have started raising interest rates at the fastest rate since prior to the global financial crisis. Against this background, financials, particularly bank shares, have been outperforming as they are one of the biggest beneficiaries of rising interest rates as it boosts their profitability. If interest expectations continue to rise, then we would expect the sector to follow.

In the meantime, absolute valuations remain low, relative valuations even more so. Investors are only just starting to price in the improving outlook for interest rates while positive earnings revisions and the removal of restrictions on capital return should all underpin a pick-up in the sectors relative performance.

"After nearly 15 years in the wilderness and very much out of favour, conditions are coming together where structural and cyclical factors should combine to re-rate Global Financials on both an absolute and relative basis. Indeed, the Board and I believe that an allocation to this large, diverse sector should be a core investment consideration in a portfolio, especially when you take into account that they are the main beneficiary of an economic recovery and a rising interest rate environment."

Robert Kyprianou,
PCFT Chairman

For non-US investor use only

Financials: the deep recovery play

Highly leveraged to global economic growth and rising interest rates, financials have begun to recover and are positioned to further benefit as 2022 continues.

Despite the recent rotation, valuations in the sector remain attractive with bank stocks still trading near historic lows relative to the broader market.

- One of the largest sectors globally but under-owned in the UK
- An attractive entry point for a sector trading close to relative lows vs the broader equity market
- Deeply correlated to any pick up in global economic growth
- Reform and balance sheet strengthening has structurally transformed financials, enabling them to weather the pandemic
- Highly sensitive to interest rates, directly benefitting from rising bond yield

"As the most sensitive sector to the reflationary trade, financials would be a prime beneficiary of an upward shift in inflation and interest rate expectations. As the largest constituent of value indices, it provides diversification from growth sectors that have benefitted from ultra-low rates in recent years."

George Barrow Fund Manager

Six financials themes for a post coronavirus world

The financials sector was particularly impacted by the coronavirus pandemic. But it has recovered as economies reopened, and now looks set to benefit further from rising interest rates. Over the longer term, we see there are being six key themes set to dominate the sector over the next decade.

Banks

Fifteen years on from the start of the global financial crisis, banks have materially lagged the underlying equity market. But they remain the largest subsector globally, encompassing far more than the UK's underperforming banks. Banks are structurally stronger and offer geared exposure to a continued recovery in global growth – and are the Trust's largest overweight.

Emerging Markets

There are significant opportunities in emerging markets, reflecting the low penetration of financial services in the economies of many countries. The Trust was originally launched with over 20% of the portfolio in emerging markets and this was reduced to low single-digits in favour of increasing exposure to the US. We remain positive on the long-term opportunity in emerging markets with the Trust's exposure currently at c15%.

Non-life insurance and specialist underwriters

Non-life insurance remains a good counterbalance to the more cyclical parts of the portfolio and an area where the team has significant expertise, investing in companies with exposure to personal lines, commercial insurance and reinsurance or a combination, as well as insurance brokers and risk consultants. The recent increasing in insurance rates at above loss cost inflation provides a more favourable outlook for the sector.

Fintech

There remains a significant opportunity for both incumbents and new entrants in the sector. In the short term the opportunity is mostly in payments, where companies continue to benefit from the switch from cash to card payments and growth in e-commerce. But we also expect incumbents to start to see more of the benefit of their tech investments to their cost structure and operating profitability.

Small and mid caps

We have historically generated significant value investing in smaller or mid-cap financials. These include regional banks in the US, small specialist banks in the UK and elsewhere in Europe as well as specialty lenders in emerging markets. The opportunity is for smaller, focused banks and other financials to grow faster and take market share from their larger peers.

Credit

We invest across the debt capital structure of banks, insurance and life assurance companies and expect to see continued attractive opportunities to invest in bonds issued by companies which will include those that are temporarily out of favour where we believe the fundamentals are mispriced or below benchmark size and so offer a higher yield to compensate for illiquidity.

Important Information. For non-US investors only.

This document constitutes a financial promotion pursuant to section 21 of the Financial Services and Markets Act 2000 and has been prepared and issued by Polar Capital LLP ("Polar Capital"). Polar Capital is a limited liability partnership with registered number OC314700, which is authorised and regulated by the UK Financial Conduct Authority ("FCA") and is registered as an investment advisor with the US Securities & Exchange Commission ("SEC"). A list of members is open to inspection at the registered office, 16 Palace Street, London, SW1E 5JD.

This document does not constitute, or form part of, any offer or invitation to sell or purchase, or any solicitation of any offer to purchase or subscribe for, any shares in the Company in any jurisdiction nor shall it, or any part of it, or the fact of its distribution, form the basis of or be relied on in connection with or act as any inducement to enter into, any contract therefore. It is for information purposes only and is not designed to contain information material to an investor's decision to invest in the Company. Polar Capital is not rendering legal or accounting advice through this announcement; viewers should contact their legal and accounting professionals for such information. All opinions and estimates in this announcement constitute the best judgement of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. Potential investors should be aware that any investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all their investment. Results can be positively or negatively affected by market conditions beyond the control of the Company or any other person. This document may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. This document has not been approved by any competent regulatory or supervisory authority.

Statements/Opinions/Views: All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. This material does not constitute legal or accounting advice; readers should contact their legal and accounting professionals for such information. All sources are Polar Capital unless otherwise stated.

Third-party Data: Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any data contained herein.

Holdings: Portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the Company. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the Company's best interest to do so. 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. This document is not a recommendation to purchase or sell any particular security. It is designed to provide updated information to professional investors to enable them to monitor the Company.

Benchmarks

The following benchmark index is used: MSCI ACWI Financials Net Total Return Index (in Sterling). This benchmark is generally considered to be representative of the Financial Equity universe. This benchmarks is a broad-based index which is used for comparative/illustrative purposes only and has been selected as it is well known and is easily recognizable by investors. Please refer to www.msci. com for further information on these indices. Comparisons to benchmarks have limitations as benchmark's volatility and other material characteristics may differ from the Company. Security holdings, industry weightings and asset allocation made for the Company may differ significantly from the benchmark. Accordingly, investment results and volatility of the Fund may differ from those of the benchmark. The indices noted in this document are unmanaged, are unavailable for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the Fund may incur. The performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance. Information regarding indices is included merely to show general trends in the periods indicated, it is not intended to imply that the Fund is similar to indices in composition or risk. The benchmark used to calculate the performance fee is provided by an administrator on the ESMA register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

Regulatory Status: Polar Capital LLP is a limited liability partnership number OC314700. It is authorised and regulated by the UK Financial Conduct Authority ("FCA") and is registered as an investment adviser with the US Securities & Exchange Commission ("SEC"). A list of members is open to inspection at the registered office, 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the Investment Manager which can reasonably be expected to provide one investor with more favourable rights, which are material, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Registrar on 0800 876 6889.

POLAR CAPITAL

Important Information Continued

Information Subject to Change The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

Forecasts References to future returns are not promises or estimates of actual returns Polar Capital may achieve. Forecasts contained herein are for illustrative purposes only and does not constitute advice or a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that have not and may not take place.

Performance/Investment Process/Risk Performance is shown net of fees and expenses and includes the reinvestment of dividends and capital gain distributions. Factors affecting the Company's performance may include changes in market conditions (including currency risk) and interest rates and in response to other economic, political, or financial developments. The Company's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Company to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Those in possession of this document must read the Company's Investment Policy and Annual Report for further information on the use of derivatives. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Investments are not insured by the FDIC (or any other state or federal agency), or guaranteed by any bank, and may lose value. No investment process or strategy is free of risk and there is no guarantee that the investment process or strategy described herein will be profitable.

Allocations The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum or prospectus for a description of the investment allocations as well as the risks associated therewith. Please note that the Company may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Company is dependent on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return to the Fund while minimizing its risk. The actual investments in the Company may or may not be the same or in the same proportion as those shown herein.

Country Specific Disclaimers The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") and the holders of its shares will not be entitled to the benefits of the Investment Company Act. In addition, the offer and sale of the Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). No Securities may be offered or sold or otherwise transacted within the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act). In connection with the transaction referred to in this document the shares of the Fund will be offered and sold only outside the United States to, and for the account or benefit of non U.S. Persons in "offshore- transactions" within the meaning of, and in reliance on the exemption from registration provided by Regulation S under the Securities Act. No money, securities or other consideration is being solicited and, if sent in response to the information contained herein, will not be accepted. Any failure to comply with the above restrictions may constitute a violation of such securities laws.

POLAR CAPITAL