

**SHINING A LIGHT ON THE.....
Polar Capital Global Financials Trust**

AT A GLANCE

Investment Objective
The investment objective is to generate for investors a growing dividend income together with capital appreciation. 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 financial sector operating in the banking, insurance, property and other sub-sectors.

Inception Date	1 July 2013
Fund Factsheet Link	http://tools.morningstar.co.uk/t92wz0sj7c/cefreport/default.aspx?tab=0&vw=sum&SecurityToken=F00000Q195%5D21%5D0%5DFCGBR%24%24ALL&Id=F00000Q195&ClientFund=0&CurrencyId=GBP

Management	
Manager Name	Start Date
Nick Brind	1 st July 2013
John Yakas	1 st July 2013
George Barrow	1 st December 2020

FUND PERFORMANCE

Performance from 1st January 2016 to 30th April 2021:

	2016	2017	2018	2019	2020	2021
Polar Capital Global Financials Trust	28.51%	16.15%	-13.00%	23.06%	0.83%	16.78%
FTSE World ex UK TR	30.42%	13.45%	-2.68%	23.10%	14.15%	8.48%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Polar Capital Global Financials Trust	70.32%	31.25%	102.84%	98.52%
FTSE World ex UK TR	34.44%	50.88%	113.70%	174.20%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.36	98.36	100.91	98.83	55.56	1.05	0.57	Value/Large

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	26.32%
3-Yr Mean Return (average)	9.49%

Investment Style Details	
Giant	43.20%
Large	28.46%
Medium	17.20%
Small	7.99%
Micro	3.15%

Top 5 Holdings (42 holdings)		
JPMorgan Chase & Co	Financial Services	5.55%
Bank of America Corp	Financial Services	3.41%
Mastercard Inc A	Financial Services	3.41%
HDFC Bank Ltd	Financial Services	3.21%
Chubb Ltd	Financial Services	2.79%

Top 5 Sectors	
Financial Services	96.95%
Real Estate	1.22%
Technology	1.05%
Consumer Cyclical	0.78%

Top 5 Regions	
US	43.02%
Asia – Emerging	18.13%
Eurozone	9.45%
Asia – Developed	9.15%
United Kingdom	8.31%

UPDATE....

This was an introduction to the trust as they issue new stock for investors. The other change is that this was a fixed life trust of 7 years and now has an indefinite life span. It has gearing of 9% and has paid an historic yield of close to 3%.

The managers have a quality bias, especially in emerging markets where private sector banks perform better when compared to poorly managed public sector banks. They believe that investing in financials has several advantages; they are attractively valued in absolute and relative terms, they are beneficiaries of the re-opening trade, they are part of the cyclical recovery and the sector will benefit from higher interest rates and bond yields.

The underperformance last year made no sense when you consider the asset quality and in the US reserves in excess of debt. Even with the sharp recovery they see further upside potential. With inflation rising, rising bond yields and the likelihood of interest rates rising, this is all good for the sector. A 1% rise in rates will increase earnings by about 13% in year 1 and 20% in year 2 in the US.

LWM Consultants Ltd

The US and European banks faced restrictions on what they could give back, but this is likely to change towards the end of the year. In the UK the macro-outlook is strong, and they are focused on more specialist banks like OneSavings. They have around 17% in emerging markets and example holdings include HDFC, BCA, Tisco, AIA and Ping An.

They have around 12% allocated to fintech with names like PayPal, Mastercard and adyen. And about 17% to life and nonlife insurance with names like Arch, AIA, Sampo, Chubb and Direct Line.

In summary, we would see this as a tactical investment. Some of the returns would have been made from the lows in 2020. They feel there is more to come, especially when interest rates rise. With any tactical investment the journey will not be smooth and there may be better ways to diversify the risk and still benefit from the re-opening of economies and potential rise in interest rates.

The source of information in this note has been provided by Polar Capital and is correct as at May 2021. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.